

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021**

**Address: No.66, Hougang Street, Shinlin District, Taipei City, Taiwan, R.O.C.
Telephone: 886-2-2881-0721**

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Inventec Corporation as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Inventec Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Inventec Corporation

Chairman: Tom-Hwar Cho

Date: March 14, 2023



安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Inventec Corporation:

Opinion

We have audited the consolidated financial statements of Inventec Corporation and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Inventory Valuation

Please refer to Notes (4)(h), (5) and (6)(e) for accounting policies, significant accounting assumptions and judgments, major sources of estimation uncertainty and related disclosure information for inventory, respectively.

Description of the key audit matter:

The Group's materials may be obsolescence or slow-moving due to the risk of price decline in inventory, the material prepared for designing products and forecast orders may be canceled or changed, or changed on components and quantities. Therefore, the valuation of inventories has been identified as a key audit matter.



How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included assessing the appropriateness of inventories valuation policies; ensuring the process of inventory valuation is in conformity with the accounting policies; inspecting the inventory aging report; recalculating estimation of inventory valuation based on the Group's policies.

2. The offsetting agreements of financial assets and liabilities

Please refer to Notes (4)(g), (6)(b) and (6)(x) for accounting policy and detailed information on the agreements of financial assets and liabilities offsetting.

Description of the key audit matter:

In order to use fund flexibly, the Group handled multiple kinds of financial instruments which IAS was endorsed by FSC to offset financial assets and liabilities and be reported in the balance sheet. The disclosure of financial instruments which are not expired on the reporting date would influence the judgment of report reader.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included examining whether the amount of the signed contract were within the scope authorized by the Board of Directors; sampling transactions in 2022 to examine whether contracts were signed with banks; reviewing the contracts to check if the regulation of offsetting criteria was met; and assessing whether the disclosure of financial assets and liabilities offsetting is appropriate.

Other Matter

Inventec Corporation has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wan-Wan Lin and Rou-Lan Kuo.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

		For the years ended December 31			
		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes (4), (6)(u) and (7))	\$ 541,750,850	100	519,732,048	100
5000	Operating costs (Notes (6)(e) and (7))	515,747,708	95	497,437,486	96
5900	Gross profit from operations	26,003,142	5	22,294,562	4
Operating expenses (Notes (6)(c), (6)(v) and (7)):					
6100	Selling expenses	3,241,707	1	3,076,667	-
6200	Administrative expenses	4,004,352	1	3,866,479	1
6300	Research and development expenses	12,095,376	2	10,593,339	2
6450	Impairment losses (impairment gains and reversal of impairment losses) determined in accordance with IFRS9	(7,369)	-	33,443	-
6900	Net operating income	19,334,066	4	17,569,928	3
Non-operating income and expenses (Notes (6)(f), (w) and (7)):		6,669,076	1	4,724,634	1
7100	Interest income	1,764,316	-	1,075,960	-
7010	Other income	263,128	-	378,252	-
7020	Other gains and losses	1,525,831	-	2,220,446	-
7050	Finance costs	(3,035,588)	-	(738,437)	-
7060	Shares of (loss) profit of associates and joint ventures accounted for using equity method	(9,728)	-	38,329	-
7900	Profit before tax	507,959	-	2,974,550	-
7950	Less: Income tax expenses (Notes (4) and (6)(q))	7,177,035	1	7,699,184	1
8000	Profit	1,115,026	-	1,752,091	-
8000	Profit	6,062,009	1	5,947,093	1
Other comprehensive income (loss):					
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	Gains on remeasurements of defined benefit plans	115,509	-	16,762	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(1,263,059)	-	(242,078)	-
8320	Shares of other comprehensive income (losses) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	2,607	-	(2,511)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	22,611	-	3,769	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss	(1,167,554)	-	(231,596)	-
8361	Exchange differences on translation of foreign financial statements	2,530,890	-	(574,653)	-
8370	Shares of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	4,821	-	2,914	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
8500	Other comprehensive income (loss), net of income tax	2,535,711	-	(571,739)	-
8500	Total comprehensive income	1,368,157	-	(803,335)	-
8610	Profit (loss), attributable to:	\$ 7,430,166	1	\$ 5,143,758	1
8610	Profit, attributable to owners of parent	6,128,786	1	6,537,765	1
8620	Profit (loss), attributable to non-controlling interests	(66,777)	-	(590,672)	-
8710	Comprehensive income (loss) attributable to:	\$ 6,062,009	1	\$ 5,947,093	1
8710	Comprehensive income, attributable to owners of parent	7,491,484	1	5,736,566	1
8720	Comprehensive income (loss), attributable to non-controlling interests	(61,318)	-	(592,808)	-
9750	Earnings per share (Notes (4) and (6)(t))	\$ 7,430,166	1	\$ 5,143,758	1
9750	Basic earnings per share (NT dollars)	1.71		1.82	
9850	Diluted earnings per share (NT dollars)	1.70		1.81	

The accompanying notes are an integral part of the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS
INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent					Other Equity		Total Equity Attributable to Owners of Parent	Non - controlling Interests	Total Equity
	Share Capital		Retained Earnings			Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income			
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings					
Balance at January 1, 2021	\$ 35,874,751	2,899,284	11,345,901	1,822,004	7,944,644	(2,467,365)	565,440	57,984,659	(93,916)	57,890,743
Profit (loss) for the period	-	-	-	-	6,537,765	-	-	6,537,765	(590,672)	5,947,093
Other comprehensive income (loss) for the period	-	-	-	-	12,847	(569,603)	(244,443)	(801,199)	(2,136)	(803,335)
Total comprehensive income (loss) for the period	-	-	-	-	6,550,612	(569,603)	(244,443)	5,736,566	(592,808)	5,143,758
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	747,132	-	(747,132)	-	-	-	-	-
Special reserve appropriated	-	-	-	79,921	(79,921)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(6,636,829)	-	-	(6,636,829)	-	(6,636,829)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,373)	-	1,373	-	-	-
Others	-	308	-	-	-	-	-	308	114	422
Balance at December 31, 2021	35,874,751	2,899,592	12,093,033	1,901,925	7,030,001	(3,036,968)	322,370	57,084,704	(686,610)	56,398,094
Profit (loss) for the period	-	-	-	-	6,128,786	-	-	6,128,786	(66,777)	6,062,009
Other comprehensive income (loss) for the period	-	-	-	-	95,889	2,530,252	(1,263,443)	1,362,698	5,459	1,368,157
Total comprehensive income (loss) for the period	-	-	-	-	6,224,675	2,530,252	(1,263,443)	7,491,484	(61,318)	7,430,166
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	654,924	-	(654,924)	-	-	-	-	-
Special reserve appropriated	-	-	-	812,672	(812,672)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(5,022,465)	-	-	(5,022,465)	-	(5,022,465)
Others	-	335	-	-	-	-	-	335	124	459
Balance at December 31, 2022	<u>\$ 35,874,751</u>	<u>2,899,927</u>	<u>12,747,957</u>	<u>2,714,597</u>	<u>6,764,615</u>	<u>(506,716)</u>	<u>(941,073)</u>	<u>59,554,058</u>	<u>(747,804)</u>	<u>58,806,254</u>

The accompanying notes are an integral part of the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

INVENTEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Profit before tax	\$ 7,177,035	7,699,184
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	2,171,055	2,361,213
Amortization expense	730,313	901,608
Expected credit (reversal gain) loss	(7,369)	33,443
Interest expense	3,035,588	738,437
Interest income	(1,764,316)	(1,075,960)
Dividend income	(34,266)	(133,902)
Share-based payments transactions	459	422
Shares of loss (profit) of associates and joint ventures accounted for using equity method	9,728	(38,329)
Gain on disposal of property, plant and equipment	(25,430)	(1,458,999)
(Gain) loss on disposal of investments accounted for using equity method	(186)	47,269
Impairment loss on non-financial assets	-	550,703
Unrealized foreign exchange gain	(105,185)	(228,023)
Other adjustments	<u>(34,561)</u>	<u>1,401</u>
Total adjustments to reconcile profit	<u>3,975,830</u>	<u>1,699,283</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial assets at fair value through profit or loss, mandatorily measured at fair value	568	107,325
Decrease (increase) in accounts receivable	13,252,520	(12,291,774)
Decrease (increase) in other receivables	110,906	(79,815)
Decrease (Increase) in inventories	15,803,274	(22,067,263)
(Increase) decrease in other current assets	<u>(194,813)</u>	<u>1,967,814</u>
Total changes in operating assets	<u>28,972,455</u>	<u>(32,363,713)</u>
Changes in operating liabilities:		
Increase (decrease) in financial liabilities held for trading	180,250	(136,640)
Increase (decrease) in contract liabilities	5,031,724	(262,058)
(Decrease) increase in accounts payable	(22,385,586)	11,691,774
Decrease in other payables	(74,113)	(1,124,694)
Increase in other current liabilities	2,078,535	741,515
Decrease in net defined benefit liabilities, non-current	<u>(52,443)</u>	<u>(50,202)</u>
Total changes in operating liabilities	<u>(15,221,633)</u>	<u>10,859,695</u>
Total changes in operating assets and liabilities	<u>13,750,822</u>	<u>(21,504,018)</u>
Total adjustments	<u>17,726,652</u>	<u>(19,804,735)</u>
Cash inflow (outflow) generated from operations	24,903,687	(12,105,551)
Interest received	808,417	1,035,979
Dividends received	34,266	133,902
Interest paid	(2,574,658)	(740,053)
Income taxes paid	<u>(1,053,028)</u>	<u>(851,177)</u>
Net cash flows from (used in) operating activities	<u>22,118,684</u>	<u>(12,526,900)</u>

The accompanying notes are an integral part of the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)
For the Years Ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	\$ (311,208)	(826,499)
Proceeds from disposal of financial assets at fair value through other comprehensive income	44,310	-
Acquisition of financial assets at fair value through profit or loss	(582,018)	(833,425)
Proceeds from disposal of financial assets at fair value through profit or loss	1,736,127	105,038
Acquisition of investments accounted for using equity method	(44,310)	(49,668)
Proceeds from disposal of investments accounted for using equity method	160	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	4,838
Acquisition of property, plant and equipment	(4,850,066)	(2,809,391)
Proceeds from disposal of property, plant and equipment	69,270	2,208,725
Acquisition of intangible assets	(196,393)	(250,596)
Net cash flows from loss of control of subsidiary	-	(8,309)
(Increase) decrease in other financial assets	(888,647)	172,944
Increase in other non-current assets	(1,021,199)	(836,384)
Net cash flows used in investing activities	(6,043,974)	(3,122,727)
Cash flows (used in) from financing activities:		
(Decrease) increase in short-term borrowings	(7,573,816)	23,164,212
Proceeds from long-term borrowings	11,238,793	18,915,930
Repayments of long-term borrowings	(8,809,900)	(17,172,500)
Increase in other payables to related parties	729,982	-
Payments of lease liabilities	(197,327)	(209,820)
Decrease in other non-current liabilities	(6,824)	(187,459)
Cash dividends paid	(5,022,465)	(6,636,829)
Net cash flows (used in) from financing activities	(9,641,557)	17,873,534
Effect of exchange rate changes on cash and cash equivalents	1,229,578	(387,590)
Net increase in cash and cash equivalents	7,662,731	1,836,317
Cash and cash equivalents at beginning of period	34,787,912	32,951,595
Cash and cash equivalents at end of period	\$ 42,450,643	34,787,912

The accompanying notes are an integral part of the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company History

Inventec Corporation (the “Company”) was organized in 1975. The Company engages primarily in the manufacturing, processing and trading of computers and related products. The Company’s registered office address is located at No.66 Hougang Street, Shilin District, Taipei City, Taiwan, R.O.C. The shares of the Company became officially listed and traded on the Taiwan Stock Exchange in November 1996.

The consolidated financial statements of the Company as of and for the year ended December 31, 2022 comprised the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Group primarily is involved in the production and sales of computer products and intelligent devices. Please refer to Note (4)(c) for details.

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on March 14, 2023.

(3) New Standards, Amendments and Interpretations Adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
INVENTEC CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of Significant Accounting Policies

The accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language consolidated financial statements, the Chinese version shall prevail.

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for the explanation of Note(3), the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (a) Statement of compliance

These consolidated annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by FSC (hereinafter referred to as the IFRSs endorsed by FSC).

- (b) Basis of preparation

The consolidated entity, Inventec Solar Energy Corporation, resolved at its Board meeting on December 1, 2021, to file the bankruptcy to the court. The financial statements were prepared on the assumption that the entity was unable to continue as a going concern and did not adopt a going concern accounting basis.

1. Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;

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- 3) Cash-settled share-based payment liabilities are measured at fair value;
- 4) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note (4)(p).

2. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests as their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

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2. List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding		Note
			December 31, 2022	December 31, 2021	
The Company	Inventec Corporation (Hong Kong) Ltd.	Trading	100.00 %	100.00 %	
"	Inventec Holding (North America) Corp.	Holding Company	100.00 %	100.00 %	
"	Inventec (Cayman) Corp.	Holding Company	100.00 %	100.00 %	
"	IEC (Cayman) Corporation	Holding Company	100.00 %	100.00 %	
"	Inventec (Czech), s.r.o.	Production and sales of computer products	100.00 %	100.00 %	
"	Inventec Development Japan Corporation	Trading	100.00 %	100.00 %	
"	Inventec Investments Co., Ltd.	Investment company	100.00 %	100.00 %	
"	AIMobile Co., Ltd.	Developing, production and sales of intelligent mobile devices	73.00 %	73.00 %	
"	Inventec Japan Corporation	Trading and management services	100.00 %	100.00 %	
"	Inventec Appliances Corp.	Intelligent device products	100.00 %	100.00 %	
"	InveneXt System CO., LTD.	Production and sales of 5G equipment	100.00 %	- %	InveneXt System CO., LTD. was established on November 17, 2022
The Company, Inventec Investments Co., Ltd. and Inventec Appliances Corp.	Inventec Solar Energy Corporation	Sales of solar cells and medical equipment	47.65 %	47.65 %	Inventec Solar Energy Corporation resolved at its Board meeting on December 1, 2021, to file for bankruptcy to the court, who, in turn, will grant the company's request upon its ruling.
Inventec Corporation (Hong Kong) Ltd.	Inventec Electronics (Tianjin) Co., Ltd.	Electronic product software development	100.00 %	100.00 %	
"	Inventec (Beijing) Electronics Technology Co., Ltd.	"	100.00 %	100.00 %	
Inventec (Cayman) Corp. and Inventec (Pudong) Technology Corp.	Inventec (Shanghai) Corp.	Sales of computer products	100.00 %	100.00 %	
"	Inventec (Shanghai) Service Co., Ltd.	"	100.00 %	100.00 %	
Inventec (Cayman) Corp.	Inventec (Pudong) Corp.	"	100.00 %	100.00 %	
"	Inventec (Pudong) Technology Corp.	Production and sales of computer products	100.00 %	100.00 %	
"	Inventec Hi-Tech Corp.	Sales of computer products	100.00 %	100.00 %	
"	Inventec (Chongqing) Service Co., Ltd.	"	100.00 %	100.00 %	
Inventec (Cayman) Corp. and IEC (Cayman) Corporation	Inventec (Chongqing) Corp.	Production and sales of computer products	100.00 %	100.00 %	
Inventec (Shanghai) Corp.	Inventec Asset-Management (Shanghai) Corporation	Leasing	78.00 %	78.00 %	
Inventec (Shanghai) Service Co., Ltd.	Saint Investment Consulting Corporation	Business management	100.00 %	100.00 %	
Inventec (Pudong) Technology Corp.	SQ Technology (Shanghai) Corporation	Production and sales of computer products	100.00 %	100.00 %	
Inventec Holding (North America) Corp.	Inventec (USA) Corporation	Services of computer products	100.00 %	100.00 %	
"	Inventec Manufacturing (North America) Corporation	"	100.00 %	100.00 %	
"	Inventec Configuration (North America) Corporation	Production and sales of computer products	100.00 %	100.00 %	
"	Inventec Distribution (North America) Corporation	"	100.00 %	100.00 %	

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Name of Investor	Name of Subsidiary	Principal activity	Shareholding		Note
			December 31, 2022	December 31, 2021	
Inventec Holding (North America) Corp. and Inventec Distribution (North America) Corporation	IEC Technologies, S. de R.L. de C.V.	Production and sales of computer products	100.00 %	100.00 %	
Inventec Appliances Corp.	Inventec Appliances (Cayman) Holding Corp.	Holding Company	100.00 %	100.00 %	
"	Inventec Appliances (Vietnam) Company Limited	Production and sales of intelligent devices	100.00 %	- %	Inventec Appliances (Vietnam) Company Limited was established on September 12, 2022
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (USA) Distribution Corp.	Marketing promotion	100.00 %	100.00 %	
"	Inventec Appliances Corporation USA, Inc.	Sales service	100.00 %	100.00 %	
"	Inventec Appliances (Shanghai) Co., Ltd.	Development of intelligent devices	100.00 %	100.00 %	
"	Inventec Appliances (Pudong) Corp.	Production and sales of intelligent devices	100.00 %	100.00 %	
"	Inventec Appliances (Jiangning) Corp.	"	100.00 %	100.00 %	
"	Inventec Appliances (Nanjing) Corp.	"	100.00 %	100.00 %	
"	Inventec Appliances (XI'AN) Corporation	House leasing	100.00 %	100.00 %	
"	Inventec Appliances (Nanchang) Corporation	Development of intelligent devices	100.00 %	100.00 %	
Inventec Appliances (Shanghai) Co., Ltd.	Inventec Appliances (Shanghai) Enterprise Co., Ltd.	Business management	100.00 %	100.00 %	
"	APEX Business Management & Consulting (Shanghai) Co., Ltd.	"	100.00 %	100.00 %	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Production and sales of intelligent devices	100.00 %	100.00 %	
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	"	100.00 %	100.00 %	
"	Inventec Easy Doctor Corporation	Production and sales of medical devices	100.00 %	100.00 %	

3. Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

1. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designed as at fair value through other comprehensive income, which is recognized in other comprehensive income.

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2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

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(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equipments are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivables without a significant financing component is initially measured at the transaction price.

1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

Some trade receivables deriving from the collection of contractual cash flows and sales made by the Group are measured at FVOCI, and recognized as 'trade receivables' line item.

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On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

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The Group considers a financial asset to be in default when the financial asset is more than year past due or the debtor is unlikely to pay its credit obligations to the Group in full.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 1 year past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

2. Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

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5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or jointly control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from the transactions between the Group and an associate are recognized only to the extent of unrelated Group's interest in the associate.

When the Group's share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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The Group discontinues the use of equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing and the carrying amount of the investment at the date the equity method that was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (or retained earnings) (as a reclassification adjustment) when the equity method is discontinued. If the Group's ownership interest in an associate or a joint venture is reduced, while the entity continues to apply the equity method, the Group reclassifies the proportion of the gain or loss, that had previously been recognized in other comprehensive income relating to that reduction in ownership interest, to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group shall continue to apply the equity method without remeasuring the retained interest.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under additional paid-in capital. If the additional paid-in capital resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Property, plant, and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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3. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	10 ~ 50years
Machinery	2 ~ 11years
Transportation equipment	3 ~ 6years
Furniture and office facilities	2 ~ 14years
Power equipment	2 ~ 16years
Renovation and leasehold improvements	2 ~ 20years
Miscellaneous equipment	2 ~ 16years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration.

1. As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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Lease payments included in the measurement of the lease liability comprise the following:

- 1) Fixed payments, including in-substance fixed payment;
- 2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) Amounts expected to be payable under a residual value guarantee; and
- 4) Payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or
- 4) there is a change of its assessment on whether it will exercise an extension or termination option; or
- 5) there is any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of housing, transportation, and other equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- 1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- 2) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

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- 3) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and
- 4) there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

2.As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(l) Intangible assets

1.Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2.Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3.Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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The estimated useful lives for current and comparative periods are as follows:

- | | |
|---------------------------|------------------|
| 1) Trademark rights | 10 years |
| 2) Computer software cost | 1 years~ 6 years |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

1. Warranties

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

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2. Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

3. The Group has periodically assessed the obligation of all litigation and claims and relative legal costs based on historical experience. If settling present obligation is probable and the amount can be reasonably estimated, the Group recognizes a provision for legal claims.

(o) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1. Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2. Consulting services and Management services

The Group provides advisory and management services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the costs incurred to date as a proportion of the total estimated costs of the transaction.

3. Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

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(p) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

2. Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3. Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

4. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the board of directors and the employees have made an agreement on the price and number of the new award.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

1. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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Deferred tax assets and liabilities are offset if the following criteria are met:

- 1.the Group has a legally enforceable right to set off current tax assets against current tax liabilities;
and
- 2.the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Earnings per share

The Group disclose the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds and employee compensation.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(5) Significant Accounting Assumptions and Judgements, and Major Sources of Estimation Uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

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Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to Note (6)(e) for further description of the valuation of inventories.

(b) The value of an entity's assets without adopting a going concern accounting basis

When the management of the consolidated entity has no intention to continue its operation, it usually disposes of the assets to recover the economic benefit. The entity's assets are assessed and measured based on the recoverable amount; however, the evaluation method involves different assumptions (including orderly transactions, sufficient time to trade, and the expected number of market participants). When the creditors exercise right of claim, the entity's assets are estimated under abnormal market condition as a result of the forced sale or rapid liquidation. The estimated amount will be different from the amount under an orderly transaction with market participants that the entity could collect to sell assets, or need to pay to transfer liabilities, less directly attributable incremental cost of disposing of assets or cash-generating units.

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	\$ 6,536	6,113
Demand deposits and checking accounts	38,356,241	28,473,081
Time deposits	<u>4,087,866</u>	<u>6,308,718</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 42,450,643</u>	<u>34,787,912</u>

Refer to Note (6)(x) for the sensitivity analysis and interest rate risk of the financial assets of the Group.

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(b) Financial instruments

1. Financial assets and liabilities at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 316,300	28,391
Foreign exchange swap	119,565	163,696
Non-derivative financial assets		
Stocks of listed companies	39,406	67,540
Emerging stock	65,461	114,198
Unquoted financial instruments	543,730	1,831,498
Unsecured convertible bonds	31,340	32,507
Total	\$ 1,115,802	2,237,830

The liquidation of E-TON SOLAR TECH. CO., LTD. on November 24, 2022 resulted in the Group to receive the residual property amounting to \$674,840.

	December 31, 2022	December 31, 2021
Financial liabilities at fair value through profit or loss		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 30,966	109,891
Foreign exchange swap	261,417	2,242
Total	\$ 292,383	112,133

The Group uses derivative financial instruments to hedge the certain foreign exchange and interest rate risk the Group is exposed to, arising from its operating, financing and investing activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss financial assets and held-for-trading financial liabilities:

1) Financial assets:

	December 31, 2022		
	Contract Amount (in thousands)	Currency	Maturity Period
Foreign exchange swap	USD 190,000	USD to TWD	2023.01.05~2023.05.30
Forward	USD 415,000	USD to TWD	2023.01.06~2023.06.16

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	December 31, 2021		
	Contract Amount (in thousands)	Currency	Maturity Period
Foreign exchange swap	USD 814,000	USD to TWD	2022.01.13~2022.06.17
Forward	USD 235,000	USD to TWD	2022.02.09~2022.03.29

2) Financial liabilities:

	December 31, 2022		
	Contract Amount (in thousands)	Currency	Maturity Period
Foreign exchange swap	USD 355,000	USD to TWD	2023.01.06~2023.06.16
Forward	USD 130,000	USD to TWD	2023.01.05~2023.05.30

	December 31, 2021		
	Contract Amount (in thousands)	Currency	Maturity Period
Foreign exchange swap	USD 45,000	USD to TWD	2022.03.08~2022.03.14
Forward	USD 624,000	USD to TWD	2022.01.13~2022.06.17

2. Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income		
Stocks of listed companies	\$ 723,062	1,690,042
Stocks of unlisted companies	3,928,007	4,023,869
Total	\$ 4,651,069	5,713,911

1) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

WK Technology Fund IV Crop. was liquidated on October 29, 2021. The fair value of the residual property received by the Group was \$240, resulting in the Group to realize a loss of \$1373, which was recognized as other comprehensive income, then later on, was reclassified to retained earnings.

2) For credit risk and market risk, please refer to Note (6)(x).

3) As of December 31, 2022, the aforesaid financial assets were not pledged as collateral.

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(c) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Accounts receivable- non-related parties	\$ 88,292,622	103,793,941
Accounts receivable- related parties	1,285,573	105,810
Less: Loss allowance	(70,992)	(104,130)
	\$ 89,507,203	103,795,621

The Group assessed that some accounts receivable were derived from the collection of contractual cash flows and sales. Therefore, those accounts receivable were measured at fair value through other comprehensive income. As of December 31, 2022 and 2021, the amounts of accounts receivable measured at fair value through other comprehensive income were \$5,107,315 and \$4,004,719, respectively.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance was determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 86,579,587	0%~0.5%	66,507
1 to 180 days past due	2,997,610	0.04%~10%	4,481
More than 180 days past due	998	0.04%~100%	4
	\$ 89,578,195		70,992

As of February 21, 2023, the amount received in subsequent period by the Group is \$61,936,361.

	December 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 102,820,512	0%~0.5%	76,184
1 to 180 days past due	1,053,698	0.04%~10%	2,405
More than 180 days past due	25,541	0.04%~100%	25,541
	\$ 103,899,751		104,130

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The movements in the allowance for notes and accounts receivable were as follows:

	For the years ended December 31,	
	2022	2021
Balance at January 1	\$ 104,130	72,433
Impairment losses recognized (reversed)	(7,369)	33,783
Amounts written off	(26,588)	(424)
Foreign exchange gains (losses)	819	(1,662)
Balance at December 31	\$ 70,992	104,130

The allowance for impairment account is used to record expected credit losses. If the Group believes that it may not be able to collect the receivables. The accumulated impairment was used to offset the receivables when it is certain they are unrecoverable, after related legal actions were taken by the Group.

As of December 31, 2022 and 2021, none of the receivables above are pledged as collateral for loans and borrowings.

As of December 31, 2022 and 2021, the Group sold its accounts receivable without recourse as follows:

(Unit: Foreign currency/TWD in Thousands)

December 31, 2022						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in other Receivable	Range of Interest Rate	Significant Transferring Terms
		Unpaid	Paid			
Non-related parties	\$ <u>37,006,722</u>	USD <u>483,515</u>	USD <u>1,205,431</u>	-	4.82%~5.85%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.
		Note				
December 31, 2021						
Purchaser	Amount Derecognized	Amount Advanced		Amount Recognized in other Receivable	Range of Interest Rate	Significant Transferring Terms
		Unpaid	Paid			
Non-related parties	\$ <u>36,612,816</u>	USD <u>1,822</u>	USD <u>1,323,195</u>	-	0.86%~1.38%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.
		Note				

Note: The amount advanced unpaid of subsidiaries which means that the purchaser has the right to make factoring transactions with the Group based on the amount allocated by the client under factoring agreement.

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(d) Other receivables

	December 31, 2022	December 31, 2021
Other accounts receivable	\$ 1,554,185	884,098

Other receivables consisted of interest receivable and other income.

(e) Inventories

	December 31, 2022	December 31, 2021
Raw materials and consumables	\$ 32,288,347	48,722,163
Work in process	10,080,564	5,824,908
Finished goods	7,575,629	6,547,660
Materials and supplies in transit	1,060,246	1,322,625
	\$ 51,004,786	62,417,356

For the years ended December 31, 2022 and 2021, the (write-down) write-up of inventories amounted to \$(619,750) and \$392,358, respectively. Write-down of inventory valuation is due to obsolete or out of use, which causes the net realizable value of inventory to be lower than the cost and is recognized as operating costs. In addition, when the factor causing the net realized value of inventory to be lower than the cost is disappeared due to obsolescence or disposal, the increase of the net realizable value is recognized as deduction of operating costs. For the years ended December 31, 2022 and 2021, idle capacity loss amounted to \$73,252 and \$137,923, respectively.

As of December 31, 2022 and 2021, the aforesaid inventories were not pledged as collateral.

(f) Investments accounted for using equity method

The components of investments accounted for using equity method at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Associates	\$ 443,563	300,127

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1. Associate

The Group's financial information for investments in individually insignificant associates accounted for using equity method at the reporting date was as follows. These financial information are included in the consolidated financial statements.

	December 31, 2022	December 31, 2021
Individually insignificant associates	<u>\$ 443,563</u>	<u>300,127</u>
	For the years ended December 31,	
	2022	2021
The Group's share of profit (loss) of the associates		
Loss from continuing operations	\$ (9,728)	38,329
Other comprehensive income	<u>7,428</u>	<u>403</u>
Total comprehensive income	<u>\$ (2,300)</u>	<u>38,732</u>

As of December 31, 2022 and 2021, the Group's investments under equity method were not pledged as collateral.

2. Judgment on existence of substantial control over investee

The Group holds 37.528% of the outstanding voting shares of Inventec Besta Co., Ltd. (Besta) and obtains only one seat among all seven board directors. Therefore, the Group does not have existing rights and the current ability to direct the investee's relevant activities, thus, the Group does not have control over Besta.

(g) Loss of control over subsidiaries

Iveentec Manufacturing (India) Private Limited dismissed on July 7, 2021. It is currently in liquidation process. As a result, The Group lose control over it.

The details of assets and liabilities of the aferesaid subsidiary were as follows:

Cash and cash equipment	\$	8,309
Notes Receivables		4,984
Other Payables		<u>(196)</u>
Carrying amount of net asset of the former subsidiary	\$	<u>13,097</u>

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(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2022 and 2021 were as follows:

	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Other facilities	Leasehold improvements	Others	Total
Cost or deemed cost:									
Balance at January 1, 2022	\$ 7,784,757	16,578,652	17,891,798	102,302	5,126,195	7,131,447	736,066	3,215,599	58,566,816
Additions	170,564	229,787	1,823,836	6,108	387,287	86,827	1,455	2,186,115	4,891,979
Disposals	-	-	(2,442,840)	(16,016)	(293,977)	(46,536)	(4,962)	-	(2,804,331)
Others	203,235	-	17,581	-	14,574	2,355	(3,124)	(234,338)	283
Effect of movements in exchange rates	7,909	465,527	915,854	2,787	218,478	213,745	56,310	147,848	2,028,458
Balance at December 31, 2022	<u>\$ 8,166,465</u>	<u>17,273,966</u>	<u>18,206,229</u>	<u>95,181</u>	<u>5,452,557</u>	<u>7,387,838</u>	<u>785,745</u>	<u>5,315,224</u>	<u>62,683,205</u>
Balance at January 1, 2021	\$ 7,784,757	17,344,433	20,575,199	103,254	5,179,868	8,803,802	396,393	2,160,724	62,348,430
Additions	-	-	717,913	4,728	364,530	80,575	139,876	1,557,326	2,864,948
Disposals	-	(619,593)	(3,288,960)	(4,755)	(367,927)	(1,814,035)	(30,107)	-	(6,125,377)
Others	-	-	144,022	-	13,900	119,508	249,995	(481,516)	45,909
Effect of movements in exchange rates	-	(146,188)	(256,376)	(925)	(64,176)	(58,403)	(20,091)	(20,935)	(567,094)
Balance at December 31, 2021	<u>\$ 7,784,757</u>	<u>16,578,652</u>	<u>17,891,798</u>	<u>102,302</u>	<u>5,126,195</u>	<u>7,131,447</u>	<u>736,066</u>	<u>3,215,599</u>	<u>58,566,816</u>
Depreciation and impairment losses:									
Balance at January 1, 2022	\$ -	4,498,010	15,411,170	88,359	4,481,792	6,335,348	285,646	-	31,100,325
Depreciation for the period	-	377,571	898,622	8,147	357,392	191,158	55,449	-	1,888,339
Disposals	-	-	(2,403,142)	(16,016)	(288,635)	(45,785)	(4,963)	-	(2,758,541)
Others	-	-	-	-	-	-	620	-	620
Effect of movements in exchange rates	-	130,056	807,599	2,375	71,114	202,797	27,650	-	1,241,591
Balance at December 31, 2022	<u>\$ -</u>	<u>5,005,637</u>	<u>14,714,249</u>	<u>82,865</u>	<u>4,621,663</u>	<u>6,683,518</u>	<u>364,402</u>	<u>-</u>	<u>31,472,334</u>
Balance at January 1, 2021	\$ -	4,460,648	17,798,027	83,005	4,509,777	7,226,057	266,333	-	34,343,847
Depreciation for the period	-	369,522	944,240	10,402	371,511	330,684	51,817	-	2,078,176
Disposals	-	(293,181)	(3,194,065)	(4,495)	(350,395)	(1,564,122)	(23,708)	-	(5,429,966)
Impairment loss	-	-	135,914	129	-	409,832	785	-	546,660
Others	-	-	-	-	2,070	-	-	-	2,070
Effect of movements in exchange rates	-	(38,979)	(272,946)	(682)	(51,171)	(67,103)	(9,581)	-	(440,462)
Balance at December 31, 2021	<u>\$ -</u>	<u>4,498,010</u>	<u>15,411,170</u>	<u>88,359</u>	<u>4,481,792</u>	<u>6,335,348</u>	<u>285,646</u>	<u>-</u>	<u>31,100,325</u>
Carrying amounts:									
Balance at December 31, 2022	<u>\$ 8,166,465</u>	<u>12,268,329</u>	<u>3,491,980</u>	<u>12,316</u>	<u>830,894</u>	<u>704,320</u>	<u>421,343</u>	<u>5,315,224</u>	<u>31,210,871</u>
Balance at January 1, 2021	<u>\$ 7,784,757</u>	<u>12,883,785</u>	<u>2,777,172</u>	<u>20,249</u>	<u>670,091</u>	<u>1,577,745</u>	<u>130,060</u>	<u>2,160,724</u>	<u>28,004,583</u>
Balance at December 31, 2021	<u>\$ 7,784,757</u>	<u>12,080,642</u>	<u>2,480,628</u>	<u>13,943</u>	<u>644,403</u>	<u>796,099</u>	<u>450,420</u>	<u>3,215,599</u>	<u>27,466,491</u>

The subsidiary of the Group, Inventec Solar Energy Corporation, resolved at its Board meeting on December 1, 2021, to file for bankruptcy to the court. As of December 31, 2021, the subsidiary's assets are measured in recoverable amounts.

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The recoverable amount is based on a comprehensive analysis, which mainly relied on the cost method supplemented by the market value method and is classified as Level 3 fair value. The adjustment of residual value is analyzed by the utilization rate, physical life, economic life, and technical life of the equipment. In addition, the present value of the equipment is assumed to be reasonable based on the actual condition, availability, and market value of the equipment and considered the original acquisition information and the similar machine in the market.

As of December 31, 2022 and 2021, assets, which were partially pledged for the Group's long-term debts and short-term debts, were discussed further in Note (8).

(i) Right-of-use assets

The Group leases many assets including land and buildings, vehicles and other equipment. Information about leases for which the Group as a lessee is presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Others</u>	<u>Total</u>
Right-of-use assets cost:					
Balance at January 1, 2022	\$ 2,411,276	1,469,677	16,473	1,746	3,899,172
Additions	-	196,296	7,038	492	203,826
Reductions	(54)	(518,667)	(6,725)	(101)	(525,547)
Others	-	107	-	-	107
Effect of changes in exchange rates	<u>68,568</u>	<u>86,289</u>	<u>315</u>	<u>172</u>	<u>155,344</u>
Balance at December 31, 2022	<u>\$ 2,479,790</u>	<u>1,233,702</u>	<u>17,101</u>	<u>2,309</u>	<u>3,732,902</u>
Balance at January 1, 2021	\$ 2,501,251	1,372,877	15,351	620	3,890,099
Additions	160	179,107	5,546	1,152	185,965
Reductions	(57,267)	-	(4,350)	-	(61,617)
Effect of changes in exchange rates	<u>(32,868)</u>	<u>(82,307)</u>	<u>(74)</u>	<u>(26)</u>	<u>(115,275)</u>
Balance at December 31, 2021	<u>\$ 2,411,276</u>	<u>1,469,677</u>	<u>16,473</u>	<u>1,746</u>	<u>3,899,172</u>
Accumulated right-of-use assets depreciation and impairment losses:					
Balance at January 1, 2022	\$ 176,119	550,259	9,851	940	737,169
Depreciation for the year	68,653	208,696	4,982	385	282,716
Reductions	-	(362,232)	(6,725)	(7)	(368,964)
Others	-	(620)	-	-	(620)
Effect of changes in exchange rates	<u>14,371</u>	<u>37,418</u>	<u>234</u>	<u>112</u>	<u>52,135</u>
Balance at December 31, 2022	<u>\$ 259,143</u>	<u>433,521</u>	<u>8,342</u>	<u>1,430</u>	<u>702,436</u>
Balance at January 1, 2021	\$ 115,716	360,840	9,042	610	486,208
Depreciation for the year	67,751	209,752	5,184	350	283,037
Reductions	(2,971)	-	(4,331)	-	(7,302)
Effect of changes in exchange rates	<u>(4,377)</u>	<u>(20,333)</u>	<u>(44)</u>	<u>(20)</u>	<u>(24,774)</u>
Balance at December 31, 2021	<u>\$ 176,119</u>	<u>550,259</u>	<u>9,851</u>	<u>940</u>	<u>737,169</u>
Carrying amounts:					
Balance at December 31, 2022	<u>\$ 2,220,647</u>	<u>800,181</u>	<u>8,759</u>	<u>879</u>	<u>3,030,466</u>
Balance at January 1, 2021	<u>\$ 2,385,535</u>	<u>1,012,037</u>	<u>6,309</u>	<u>10</u>	<u>3,403,891</u>
Balance at December 31, 2021	<u>\$ 2,235,157</u>	<u>919,418</u>	<u>6,622</u>	<u>806</u>	<u>3,162,003</u>

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(j) Intangible assets

	<u>Goodwill</u>	<u>Software cost</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	\$ 980,719	1,303,779	2,284,498
Additions	-	196,393	196,393
Disposals	-	(346,625)	(346,625)
Reclassification	-	4,492	4,492
Effect of changes in exchange rates	-	140	140
Balance at December 31, 2022	<u>\$ 980,719</u>	<u>1,158,179</u>	<u>2,138,898</u>
Balance at January 1, 2021	\$ 980,719	1,173,014	2,153,733
Additions	-	250,596	250,596
Disposals	-	(119,804)	(119,804)
Effect of changes in exchange rates	-	(27)	(27)
Balance at December 31, 2021	<u>\$ 980,719</u>	<u>1,303,779</u>	<u>2,284,498</u>
Amortization and impairment losses:			
Balance at January 1, 2022	\$ 172,299	1,144,748	1,317,047
Amortization for the period	-	193,140	193,140
Disposals	-	(346,625)	(346,625)
Effect of changes in exchange rates	-	94	94
Balance at December 31, 2022	<u>\$ 172,299</u>	<u>991,357</u>	<u>1,163,656</u>
Balance at January 1, 2021	\$ 172,299	1,105,633	1,277,932
Amortization for the period	-	158,952	158,952
Disposals	-	(119,804)	(119,804)
Effect of changes in exchange rates	-	(33)	(33)
Balance at December 31, 2021	<u>\$ 172,299</u>	<u>1,144,748</u>	<u>1,317,047</u>
Carrying amounts:			
Balance at December 31, 2022	<u>\$ 808,420</u>	<u>166,822</u>	<u>975,242</u>
Balance at January 1, 2021	<u>\$ 808,420</u>	<u>67,381</u>	<u>875,801</u>
Balance at December 31, 2021	<u>\$ 808,420</u>	<u>159,031</u>	<u>967,451</u>

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The amortization of intangible assets and impairment losses are respectively included in the statements of comprehensive income:

	For the years ended December 31,	
	2022	2021
Operating costs	\$ 1,042	6,649
Operating expenses	192,098	152,303
Total	\$ 193,140	158,952

As of December 31, 2022 and 2021, none of the aforeaid intangible assets were pledged as collateral.

(k) Other current assets and other non-current assets

The other current assets-others and other non-current assets of the Group were as follows:

	December 31, 2022	December 31, 2021
Refundable deposits	\$ 295,154	370,203
Current asset recognized as right to recover products from customers	300,998	145,190
Prepayments to suppliers	75,231	44,445
Restricted assets	1,676,578	695,032
Payments on behalf of others	373,540	456,626
Deferred tax assets	1,993,469	1,659,287
Others	3,556,805	2,511,839
	\$ 8,271,775	5,882,622

The Group determines the substance of the transaction in terms of sales and production, as well as production of the same target, to complete its sales contract. The Group has the nature of an agent, and so the transaction is reflected as the net amount after the purchases and sales are written off. The unused inventory of purchases is listed as payments on behalf of others.

As of December 31, 2022 and 2021, other assets, which were pledged as collateral, were discussed further in Note (8).

(l) Other current liabilities and other non-current liabilities

The other current liabilities-others and other non-current liabilities of the Group were as follows:

	December 31, 2022	December 31, 2021
Provisions - Current	\$ 2,719,337	3,654,637
Temporary credits	8,125,748	6,120,642
Receipts under custody	3,236,436	2,384,309
Deferred tax liabilities	5,304,733	5,842,187
Others	755,727	534,000
	\$ 20,141,981	18,535,775

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(m) Long-term and short-term borrowings

The significant terms and conditions of long-term and short-term borrowings were as follows:

December 31, 2022				
	<u>Interest Rate</u>	<u>Currency</u>	<u>Maturity Date</u>	<u>Amount</u>
Secured bank loans	1.82%~4.88%	TWD	2031.02.26	\$ 2,450,000
		CNY	2024.02.14	2,087,351
Unsecured bank loans	0.57%~6.08%	TWD	2021.11.30~2023.03.08	3,653,770
		USD	2021.11.30~2025.10.14	50,912,143
		EUR	2021.11.30	1,535
		CNY	2023.05.07~2023.11.24	<u>2,393,209</u>
Total				<u>\$ 61,498,008</u>
Current				\$ 48,664,657
Non-current				<u>12,833,351</u>
Total				<u>\$ 61,498,008</u>
Unused credit line				<u>\$ 73,159,482</u>
December 31, 2021				
	<u>Interest Rate</u>	<u>Currency</u>	<u>Maturity Date</u>	<u>Amount</u>
Secured bank loans	1.19%~5.23%	TWD	2031.02.26	\$ 2,750,000
		CNY	2024.02.14	1,340,708
Unsecured bank loans	0.35%~6.07%	TWD	2021.11.30~2022.03.31	14,240,682
		USD	2021.11.30~2022.06.08	45,230,602
		EUR	2021.11.30	2,071
		CNY	2022.02.17~2022.03.07	<u>2,169,454</u>
Total				<u>\$ 65,733,517</u>
Current				\$ 61,942,809
Non-current				<u>3,790,708</u>
Total				<u>\$ 65,733,517</u>
Unused credit line				<u>\$ 53,788,358</u>

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1. Please refer to Note (8) for details of the related assets pledged as collateral. Part of bank loans were pledged by machine as secondary collateral as of December 31, 2021.

2. Important borrowing restrictions

The Company entered into syndicated credit agreement with a number of financial institutions. Under these agreements, the Company shall adhere to certain financial provisions such as current ratios, leverage ratios, interest coverage ratios and tangible net worth in the consolidated annual and semi-annual financial report on the balance sheet date. Otherwise, the borrowings will be considered due and payable immediately. As of December 31, 2022 and 2021, the Company was in compliance with the above financial covenants.

3. Others

Due to insolvency, Inventec Solar Energy Corporation resolved at its Board meeting on December 1, 2021, to file for bankruptcy to the court. When the court grants the bankruptcy ruling, Inventec Solar Energy Corporation will start the legal procedures of bankruptcy. As of December 31, 2021 and June 30, 2021, after the bank allocated the remaining balance offset by the related expenses, interests, and principles, Inventec Solar Energy Corporation recognized the borrowing as short-term and long-term loans within a year or a business cycle since the company borrowings have defaulted.

Inventec Solar Energy Corporation, resolved at its Board meeting on April 8, 2022, to sign the statement of settlement with seven creditor banks on April 11, 2022, and to sign an amendment agreement on April 13, 2022. Inventec Solar Energy Corporation borrowed money from a third party to pay for settlement to seven creditor banks. Furthermore, the creditor banks agreed to forgive the debts, and to waive all rights to the income of Inventec Solar Energy Corporation based on the credit contracts. The creditor banks have withdrawn the legal proceedings against Inventec Solar Energy Corporation and returned all the promissory notes issued under the credit contracts. However, since the conditions for derecognizing financial liabilities and recognizing the benefits of debt settlement have not yet been fully met, a balance of \$1,109,367 is still accounted as short-term borrowings and current portion of long-term borrowings.

(n) Lease liabilities

The Group lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	<u>\$ 210,376</u>	<u>182,996</u>
Non-current	<u>\$ 542,865</u>	<u>693,497</u>

For the maturities analysis, please refer to Note (6)(x) of "Financial instruments".

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The amounts recognized in profit or loss were as follows:

	For the years ended December 31	
	2022	2021
Interests on lease liabilities	\$ 23,934	26,038
Variable lease payments not included in the measurement of lease liabilities	\$ 37,835	39,988
Expenses relating to short-term leases	\$ 51,493	12,943
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 45,739	20,402
Covid-19-related rent concessions (recognized as deduction of depreciation expenses)	\$ -	1,029

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the years ended December 31,	
	2022	2021
Total cash outflow for leases	\$ 356,328	309,191

1. Real estate leases

The Group leases land and buildings for its office space and plants. The leases of office space typically run for 2 to 13 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of equipment contain extension or cancellation options exercisable by the Group. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. When the lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period will not be included within lease liabilities.

2. Other leases

The Group leases vehicles and other equipment, with lease terms of two to five years. In some cases, the Group has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Group also leases dormitory, vehicles and other equipment with contract terms of one to two years. These leases are short-term and leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

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(o) Operating Leases

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2022	December 31, 2021
Less than one year	\$ 116,142	191,230
One to two years	7,681	99,428
Two to three years	3,232	40,872
Three to four years	1,417	37,037
Four to five years	591	9,118
More than five years	-	269
Total undiscounted lease payments	<u><u>\$ 129,063</u></u>	<u><u>377,954</u></u>

The rental revenues incurred by leasing plants were \$228,862 and \$244,350 for the years ended December 31, 2022 and 2021, respectively.

(p) Employee benefits

1. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	\$ 1,638,506	1,721,329
Fair value of plan assets	<u>(1,339,731)</u>	<u>(1,235,817)</u>
Net defined benefit liabilities	<u><u>\$ 298,775</u></u>	<u><u>485,512</u></u>

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement. As of December 31, 2022 and 2021, the defined benefit plans amounted to \$179,419 and \$104,407, respectively, which were accounted as other current assets.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued two-year time deposits with interest rates offered by local banks.

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The Group's pension reserve account in Bank of Taiwan amounted to \$1,339,731 at the end of December 31, 2022. For information on the utilization of the labor pension fund assets including the assets allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Group on 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Defined benefit obligation at January 1	\$ 1,721,328	1,768,018
Current service costs and interest cost	21,928	21,191
Remeasurement on the net defined benefit liability		
— Actuarial loss (gain) arising from changes in demographic assumption	-	43,068
— Experience adjustments arising on the actuarial gain or loss	15,851	(26,660)
— Actuarial loss (gain) arising from changes in financial assumptions	(33,149)	(20,091)
Benefits paid by the plan assets	(87,074)	(64,198)
Contributions paid by the employer	(378)	-
Defined benefit obligation at December 31	\$ 1,638,506	1,721,328

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group on 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Fair value of plan assets at January 1	\$ 1,235,817	1,192,773
Interest income	7,996	6,164
Remeasurement on the net defined benefit liability		
— Return on plan assets (excluding current interest)	95,756	15,165
Contributions made	87,236	85,913
Benefits paid by the plan assets	(87,074)	(64,198)
Fair value of plan assets at December 31	\$ 1,339,731	1,235,817

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4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group on 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Current service costs	\$ 11,170	12,368
Net interest of net liabilities for defined benefit obligations	2,762	2,659
	\$ 13,932	15,027
Operating cost	\$ 1,270	1,426
Selling expenses	1,699	1,767
Administration expenses	3,445	3,788
Research and development expenses	7,518	8,046
	\$ 13,932	15,027

5) Actuarial assumptions

The following are the Group's principal actuarial assumptions:

Present Value of defined benefit obligations:

	December 31, 2022	December 31, 2021
Discount rate	1.25%~1.38%	0.63%~0.63%
Future salary increases rate	2.00%~2.25%	1.63%~2.00%

The expected allocation payment made by the Group to the defined benefit plans for the one year period after the reporting date was \$90,310.

The weighted-average duration of the defined benefit obligation is 7.7~10.8 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation for 2022 and 2021 shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2022		
Discount rate	(36,267)	37,512
Future salary increasing rate	36,525	(35,495)

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	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2021		
Discount rate	(40,012)	41,453
Future salary increasing rate	40,269	(39,074)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

2. Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Group's domestic entities contribute an amount equal to 6% of the employee's monthly wages to the Labor Pension personal account with the Bureau of the Labor Insurance.

The pension costs incurred from the contributions to the to the Bureau of the Labour Insurance amounted to \$267,556 and \$256,266 for the years ended December 31, 2022 and 2021, respectively.

The pension expenses contributed by the foreign entities following the local regulations amounted to \$884,552 and \$828,669 for the years ended December 31, 2022 and 2021, respectively.

(q) Income taxes

1. The components of income tax expense (gain) for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Current tax expenses		
Current period	\$ 1,833,533	905,068
Other	-	208,859
Adjustment for prior periods	(16,308)	(385,611)
	1,817,225	728,316
Deferred tax expense		
Origination and reversal of temporary differences	(1,000,082)	926,616
Change in unrecognized deductible temporary differences	297,883	97,159
	(702,199)	1,023,775
Income tax expense from continuing operations	\$ 1,115,026	1,752,091

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The amounts of income tax recognized in other comprehensive income for 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ (22,611)	(3,769)

Reconciliations between profit before tax and income tax expense for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
profit before tax	\$ 7,177,035	7,699,184
Income tax using the Company's domestic tax rate	\$ 1,033,901	2,217,919
Permanent differences	(38,911)	(274,830)
Tax-exempt income	-	(10,635)
Tax incentives	(409,689)	(152,900)
Current-year losses for which no deferred tax asset was recognized	642,867	82,357
Changes in unrecognized temporary differences	(20,672)	95,792
Over provision in prior periods	(16,308)	(385,611)
Under provision of temporary differences	(6,859)	(16,472)
Others	-	281,906
Effect of loss carry forward	(69,303)	(85,435)
Income tax expense	\$ 1,115,026	1,752,091

The overestimate in the prior periods was the estimated difference between the approved amounts by the Tax Authority and the declared amounts.

2. Deferred Tax Assets and Liabilities

1) Unrecognized Deferred Tax Assets

Deferred tax assets that have not been recognized in respect of the following items:

	December 31,	December 31,
	2022	2021
Tax effect of deductible Temporary Differences	\$ 1,333,050	1,423,064
The carryforward of unused tax losses	1,496,408	1,100,822
	\$ 2,829,458	2,523,886

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The carryforward of unused tax credits were determined in accordance with the rules established by each taxation authorities, and can be applied to offset against profit and income tax in the future respectively. The deferred tax assets have not been recognized in respect of the aforementioned items because they are not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

The Susidiaries located in China, where the income tax rate is 25%, in accordance with the rules for the implementation of the Income Tax Law of the People's Republic of China for enterprises with Foreign Investment and Foreign Enterprises, was entitled to the preferential treatment for advanced technology industries with respect to reduction of or exemption from income tax. Under such tax law, commencing with the first profit-making year is exempted from income tax in the first and second profitable year and is entitled to a 50% reduction from the third to fifth year.

The Group invested in the companies which were incorporated in the Cayman Islands. The earnings of these entities are not taxable by the local government in their respective jurisdictions. Other foreign subsidiaries are taxed in accordance with the Income Tax Law of their respective jurisdiction.

As of December 31, 2022 and 2021, the Group estimated that the part of the temporary differences have slight chance to realize in the visible future, so they were not recognized as deferred tax assets.

Each company is taxed in accordance with the income tax law of their respective jurisdiction. Unused operating loss carry-forwards can be applied to offset against profit in the future after being examined by the Tax Authority. As of December 31, 2022, the company that have loss carry forwards which can be used to offset profit were as follow. Among the taxable losses, \$0 were recognized as deferred tax assets.

As of December 31, 2022, the Group did not recognized its prior years' loss carry-forwards as deferred tax assets, whose expiry years were as follows:

	<u>Unused loss</u>	<u>Expiry year</u>
The carryforward of unused losses	\$ <u><u>4,501,983</u></u>	2023~2032

Due to the unstable economic environment recovery, the realizability of tax assets of the tax losses, which amounted to \$4,501,983, is doubtful. Therefore, the Group has recognized the partial tax losses as deferred tax assets. If the sales grow continuously, the Group would recognize the aforementioned tax losses in the future and generate the additional tax benefits.

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2) Recognized Deferred Tax Assets and Liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2022 and 2021 were as follows:

	<u>Gain (loss) on investment</u>	<u>Other</u>	<u>Total</u>	
Deferred Tax Liabilities:				
Balance at January 1, 2022	\$ 5,759,694	82,493	5,842,187	
Recognized in profit or loss	<u>(481,133)</u>	<u>(56,321)</u>	<u>(537,454)</u>	
Balance at December 31, 2022	<u>\$ 5,278,561</u>	<u>26,172</u>	<u>5,304,733</u>	
Balance at January 1, 2021	\$ 4,886,835	29,863	4,916,698	
Recognized in profit or loss	<u>872,859</u>	<u>52,630</u>	<u>925,489</u>	
Balance at December 31, 2021	<u>\$ 5,759,694</u>	<u>82,493</u>	<u>5,842,187</u>	
	<u>Warranty expense</u>	<u>Defined Benefit Plans</u>	<u>Others</u>	<u>Total</u>
Deferred Tax Assets:				
Balance at January 1, 2022	\$ 922,224	61,010	676,053	1,659,287
Recognized in profit or loss	190,641	(4,133)	(21,763)	164,745
Recognized in other comprehensive income	-	(22,611)	-	(22,611)
Effect of movements in exchange rate	<u>-</u>	<u>-</u>	<u>192,048</u>	<u>192,048</u>
Balance at December 31, 2022	<u>\$ 1,112,865</u>	<u>34,266</u>	<u>846,338</u>	<u>1,993,469</u>
Balance at January 1, 2021	\$ 896,514	74,819	796,193	1,767,526
Recognized in profit or loss	25,710	(10,040)	(113,956)	(98,286)
Recognized in other comprehensive income	-	(3,769)	-	(3,769)
Effect of movements in exchange rate	<u>-</u>	<u>-</u>	<u>(6,184)</u>	<u>(6,184)</u>
Balance at December 31, 2021	<u>\$ 922,224</u>	<u>61,010</u>	<u>676,053</u>	<u>1,659,287</u>

3. Income Tax approval

The Company's income tax returns for the years through 2020 have been assessed and approved by the Tax Authority.

4. Profit-seeking enterprise income tax administrative remedies

The Group adopted the transfer pricing method on income tax declaration from year 2014 to 2016. As the calculation had a conflict with the opinion of the tax authority, the Group applied for administrative relief after paying the approved additional tax. The administrative appeal and litigation procedures are in progress.

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(r) Capital and other equity

As of December 31, 2022 and 2021, the authorized capital of the Company both consisted of 3,650,000 thousand shares and both issued worth \$36,500,000, with par value of \$10 per share, and its outstanding capital both consisted of 3,587,475 thousand shares of stock. All issued shares were paid up upon issuance.

1.Capital surplus

The balances of the capital surplus were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Share capital	\$ 2,891,959	2,891,959
Other	<u>7,968</u>	<u>7,633</u>
	<u>\$ 2,899,927</u>	<u>2,899,592</u>

In accordance with the ROC company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the securities offering and Issuance Guidelines, the amount of capital reserve to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

2.Retained earnings

The Company's articles of incorporation require that after-tax earnings shall first be offset against any accumulated deficit, and 10% of the rest be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Special reserve may be appropriated for operations or to meet regulations. The remaining earnings, if any, may be appropriated for operations according to the proposal, and the distributed dividends may not be lower than 10% of the earnings. Surplus distribution based on issuance of new shares approved by the Board of Directors should be resolved during the shareholder's meeting. In consideration of the Company's long-term operating plan, funding needs, and satisfying shareholder demand for cash flow, the Company distributes cash dividends of at least 10% of the aggregate of cash dividends and stock dividends if the distributions include cash dividend. In accordance with Article 240 of the ROC Company Act, the Company authorizes the distribution of dividends and bonuses or its legal reserve and capital reserve, according to Article 241 of the ROC Company Act, in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; then such distribution shall be submitted to the shareholder's meeting.

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1) Legal reserve

If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the statutory earnings reserve either by new shares or by cash, of up to 25 percent of the actual share capital.

2) Special reserve

In accordance with the Ruling issued by the Financial Supervisory Commission, for the contra account of other shareholders' equity incurred in the current year, a special reserve is appropriated from the current profit, plus, the amount of items other than the current profit included in the current undistributed earnings and prior period's undistributed earnings. For the amount of contra accounts in other shareholders' equity accumulated in the prior period, a special reserve which was appropriated from the prior period's undistributed earnings can no longer be allocated. When the debit balance of any of the contra account in other shareholders' equity is reversed, the related special reserve can also be reversed. The subsequent reversals of the contra accounts in other shareholders' equity shall qualify for any additional distributions.

3) Earnings Distribution

On March 15, 2022, and on March 30, 2021, the Company's Board of Directors resolved the amount of cash dividends of the earnings distribution of 2021 and 2020. These earnings were appropriated for distribution as follows:

	2021		2020	
	Dividend per share (\$)	Amount	Dividend per share (\$)	Amount
Dividends distributed to ordinary shareholders				
Cash	\$ 1.40	<u>5,022,465</u>	1.85	<u>6,636,829</u>

The information on prior year's distribution of the Company's earnings were announced through the Market Observation Post System website on the internet.

On March 14, 2023, the Company's Board of Directors resolved to appropriate the 2022 earnings as follows:

	2022	
	Dividend per share (\$)	Amount
Dividends distributed to common shareholders		
Cash	\$ 1.50	<u>5,381,213</u>

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3. Other equity (net of taxes) and non-controlling interests

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non-controlling interests
Balance at January 1, 2022	\$ (3,036,968)	322,370	(686,610)
Exchange differences on foreign operations	2,525,431	-	5,459
Exchange differences on subsidiaries accounted for using equity method	4,821	-	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(1,263,059)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(384)	-
Profit attributable to non-controlling interest	-	-	(66,777)
Others	-	-	124
Balance at December 31, 2022	<u>\$ (506,716)</u>	<u>(941,073)</u>	<u>(747,804)</u>
Balance at January 1, 2021	\$ (2,467,365)	565,440	(93,916)
Exchange differences on foreign operations	(572,517)	-	(2,136)
Exchange differences on subsidiaries accounted for using equity method	2,914	-	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(242,078)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates and joint ventures accounted for using equity method	-	(2,365)	-
Disposal of investments in equity instruments designed at fair value through other comprehensive income	-	1,373	-
Profit attributable to non-controlling interest	-	-	(590,672)
Others	-	-	114
Balance at December 31, 2021	<u>\$ (3,036,968)</u>	<u>322,370</u>	<u>(686,610)</u>

(s) Share-Based payments

1. AIMobile Co. Ltd

As of December 31, 2022, share-based payments of AIMobile Co. Ltd are as follows:

	Equity transaction
	Employee Stock
	Option Plan
Grant date	March 25, 2019
Number of shares granted	1,605 thousand units
Contractual life	5 year
Grant target	Employees of AIMobile Co. Ltd
Vesting conditions	Subsequent 2~4 years service

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1) Determining the fair value of equity instruments granted

AIMobile Co. Ltd adopted the Black-Scholes Model to calculate the fair value of the stock option at grant date, and the assumptions adopted in this valuation model were as follows:

	2022
	Employee Stock Option Plan
Fair value at grant date	2.28 / 2.77 / 3.29
Share price at grant date	10.4
Exercise price	10
Expected volatility(%)	30.971% / 34.193% / 36.901%
Expected life of the option (year)	2.60 / 3.30 / 4.15
Expected dividend yield rate	-%
Risk free interest rate (%)	0.574% / 0.597% / 0.621%

AIMobile Co. Ltd use the historical volatility as base to estimate the expected volatility; the duration of stock options is in accordance with the regulations. The expected dividends were set at 0, and the risk free rate was set considering the rate of the short term government bonds. The definition of fair value did not cover the service fee of the trade or the non-market achievement conditions.

2) Expenses and liabilities resulted from share-based payments

As of December 31, 2022 and 2021, expense and liability resulted from share-based payments are accounted as follow:

	2022	2021
Expenses resulting from granted employee stock option	\$ 459	422

(t) Earnings per share

The following are the calculation of basic earnings per share and diluted earnings per share:

	For the years ended December 31	
	2022	2021
Basic earnings per share:		
Profit attributable to ordinary shareholders	\$ 6,128,786	6,537,765
Weighted average number of ordinary shares (thousand shares)	3,587,475	3,587,475
Basic earnings per share (NT dollars)	\$ 1.71	1.82

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	For the years ended December 31	
	2022	2021
Diluted earnings per share:		
Profit attributable to ordinary shareholders (diluted)	\$ 6,128,786	6,537,765
Weighted average number of ordinary shares (thousand shares)	3,587,475	3,587,475
Effect of dilutive potential common shares (thousand shares)		
Effect of employee share bonus	26,851	28,459
Weighted average number of ordinary shares (diluted)	3,614,326	3,615,934
Diluted earnings per share (NT dollars)	\$ 1.70	1.81

(u) Revenue from contracts with customers

1. Disaggregation of revenue

	For the years ended December 31, 2022		
	Core	Others	Total
Primary geographical markets			
Taiwan	\$ 46,893,743	230,311	47,124,054
USA	397,673,128	613,415	398,286,543
Japan	4,185,300	396,040	4,581,340
Hong Kong, Macao and Mainland China	60,169,499	250,018	60,419,517
Other countries	31,247,840	91,556	31,339,396
	\$ 540,169,510	1,581,340	541,750,850
Major products			
Computer products	\$ 539,471,893	-	539,471,893
Services	697,617	34,134	731,751
Others	-	1,547,206	1,547,206
	\$ 540,169,510	1,581,340	541,750,850

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	For the years ended December 31, 2021		
	Core	Others	Total
Primary geographical markets			
Taiwan	\$ 51,345,535	168,911	51,514,446
USA	355,405,434	119,353	355,524,787
Japan	4,068,317	251,306	4,319,623
Hong Kong, Macao and Mainland China	64,341,183	54,601	64,395,784
Other countries	43,975,213	2,195	43,977,408
	\$ 519,135,682	596,366	519,732,048
Major products			
Computer products	\$ 518,381,401	-	518,381,401
Services	754,281	21,027	775,308
Others	-	575,339	575,339
	\$ 519,135,682	596,366	519,732,048

2.Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and Accounts receivable (included related parties)	\$ 89,578,195	103,899,751	91,883,742
Less: Loss allowance	(70,992)	(104,130)	(72,433)
Total	\$ 89,507,203	103,795,621	91,811,309
Contract liabilities	\$ 12,596,823	7,562,873	7,828,232

For details on notes and accounts receivable and allowance for impairment, please refer to Note (6)(c).

The amount of revenue recognized for the years ended December 31, 2022 and 2021 were \$3,705,906 and \$3,118,347, respectively.

The contract liabilities primarily relate to deferred recognition of warranty revenue, for which revenue is recognized when the warranties are redeemed or when they expire.

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(v) Remunerations of employees and directors

The Company's articles of incorporation require that earnings shall first be offset against any deficit. A minimum of 3% will be distributed as employee remuneration and a maximum of 3% will be allocated as directors' remuneration.

If the employee remuneration is distributed in the form of stock or cash, the employees qualifying for such distribution shall include the employees of the subsidiaries of the Company who meet certain specific requirements. Such qualified employees and the distribution ratio shall be decided by the Board of Directors.

The remuneration of employees amounted to \$516,364 and \$558,931 and the remuneration of directors amounted to \$68,342 and \$83,422 for the years ended December 31, 2022 and 2021, respectively. These amounts are calculated using the Company's profit before tax for each period described above, and are determined using the earnings allocation method which stated under the Company's article. These remunerations were expensed under operating cost or expenses in 2022 and 2021. Related information would be available at the Market Observation Post System after the meeting of the shareholders has been convened.

There were no differences between the amounts to be distributed as remuneration to employees and directors in 2022 and 2021 and the amounts stated in the individual reports.

(w) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	<u>\$ 1,764,316</u>	<u>1,075,960</u>

2. Other income

The details of other income were as follows:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Rent income	\$ 228,862	244,350
Dividend income	<u>34,266</u>	<u>133,902</u>
	<u>\$ 263,128</u>	<u>378,252</u>

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3. Other gains and losses

The details of other income and losses were as follows:

	For the years ended December 31	
	2022	2021
Foreign exchange gains (losses)	\$ 667,898	(351,570)
Gains (losses) on disposal of investments	186	(47,269)
Net gains on financial assets (liabilities) measured at fair value through profit or loss	206,276	1,032,208
Gains on disposal of property, plant and equipment	25,430	1,458,999
Impairment losses on property, plant and equipment	-	(546,660)
Other impairment losses	-	(4,043)
Others	626,041	678,781
	\$ 1,525,831	2,220,446

4. Finance costs

The details of finance expenses were as follows:

	For the years ended December 31	
	2022	2021
Interest expenses		
Bank borrowings	\$ 1,920,834	455,843
Others	1,114,754	282,594
	\$ 3,035,588	738,437

(x) Financial instruments

1. Credit risks

1) Credit risks exposure

The carrying amounts of financial assets and contract assets represented the maximum credit risk exposure of the Group.

2) Concentration of credit risk

Implicit credit risk of the Group is inherent in its cash and accounts receivable. The cash is deposited in different financial institutions. The Company manages the credit risk exposure with each of these financial institutions and believes that cash do not have a significant credit risk concentration.

The major customers of the Group are centralized in the high-tech computer industry. To minimize credit risk, the Company periodically evaluates the Company's financial positions and the possibility of collecting trade receivables.

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Besides, the Consolidated Company monitors and reviews the recoverable amount of the trade receivables to ensure the uncollectible amount are recognized appropriately as impairment loss. Therefore, the executives evaluate the Group's credit risk to be limited.

As of December 31, 2022 and 2021, 55% and 60% of accounts receivable were attributable to two major customers. Thus, credit risk is significantly centralized.

2. Liquidity risks

The following are the contractual maturities of financial liabilities of the Group, including estimation of interest, but excluding the impact of netting arrangements:

	<u>Carrying amounts</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>
December 31, 2022							
Non-derivative financial liabilities							
Secured bank loans	\$ 4,537,351	4,839,709	223,040	222,032	2,439,707	976,911	978,019
Unsecured bank loans	56,960,657	58,536,045	44,750,412	4,357,165	471,946	8,956,522	-
Accounts payable	64,404,174	64,404,174	64,404,174	-	-	-	-
Other payables	12,014,945	12,014,945	12,014,945	-	-	-	-
Lease liabilities	753,241	807,646	115,172	115,760	232,446	226,926	117,342
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	30,966	(3,976,530)	(3,976,530)	-	-	-	-
Inflow	-	3,945,564	3,945,564	-	-	-	-
Foreign exchange swap contracts not used for hedging:							
Outflow	261,417	(10,565,140)	(10,565,140)	-	-	-	-
Inflow	-	10,303,723	10,303,723	-	-	-	-
	<u>\$ 138,962,751</u>	<u>140,310,136</u>	<u>121,215,360</u>	<u>4,694,957</u>	<u>3,144,099</u>	<u>10,160,359</u>	<u>1,095,361</u>
December 31, 2021							
Non-derivative financial liabilities							
Secured bank loans	\$ 4,090,708	4,393,692	201,243	199,555	398,544	2,312,741	1,281,609
Unsecured bank loans	61,642,809	61,728,151	61,728,151	-	-	-	-
Accounts payable	84,907,477	84,907,477	84,907,477	-	-	-	-
Other payables	10,524,706	10,524,706	10,524,706	-	-	-	-
Lease liabilities	876,493	955,665	103,414	101,797	187,361	375,356	187,737
Derivative financial liabilities							
Forward exchange contracts not used for hedging:							
Outflow	109,891	(17,267,921)	(17,267,921)	-	-	-	-
Inflow	-	17,158,030	17,158,030	-	-	-	-
Foreign exchange swap contracts not used for hedging:							
Outflow	2,242	(1,242,815)	(1,242,815)	-	-	-	-
Inflow	-	1,240,573	1,240,573	-	-	-	-
	<u>\$ 162,154,326</u>	<u>162,397,558</u>	<u>157,352,858</u>	<u>301,352</u>	<u>585,905</u>	<u>2,688,097</u>	<u>1,469,346</u>

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The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

3. Currency risks

1) Exposure to currency risks

The Group's significant exposure to foreign currency risks from its foreign currency denominated financial assets and liabilities was as follows:

		December 31, 2022		
		Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	5,645,393	USD : TWD 30.70	173,313,565
		312,280	USD : CNY 6.96	9,586,996
		12,544	USD : CZK 22.62	385,101
CNY		5,039,190	CNY : USD 0.14	22,212,750
<u>Non-monetary items</u>				
USD		173,135	USD : TWD 30.70	5,315,234
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD		4,934,576	USD : TWD 30.70	151,491,483
		197,792	USD : CNY 6.96	6,072,214
		18,797	USD : CZK 22.62	577,068
CNY		1,034,074	CNY : USD 0.14	4,558,198
		December 31, 2021		
		Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	6,675,602	USD : TWD 27.67	184,713,907
		549,375	USD : CNY 6.38	15,201,206
		119,462	USD : CZK 21.94	3,305,514
CNY		1,192,315	CNY : USD 0.16	5,174,528
JPY		5,855	JPY : TWD 0.24	1,396
<u>Non-monetary items</u>				
USD		68,148	USD : TWD 27.67	1,885,659

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	December 31, 2021		
	Foreign currency (In thousand)	Exchange rate	TWD
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	5,699,357	USD : TWD 27.67	157,701,208
	1,158,418	USD : CNY 6.38	32,053,426
	132,624	USD : CZK 21.94	3,669,706
CNY	735,012	CNY : USD 0.16	3,189,879

2) Sensitivity analysis

The Group's exposure to foreign currency risks arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A 0.25% depreciation or appreciation of the functional currency against all the non-functional currency as of December 31, 2022 and 2021 would have increased or decreased the net profit after tax by \$158,504 and \$53,011, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2022 and 2021, the foreign exchange gain (loss), including realized and unrealized, amounted to \$667,898 and (\$351,570), respectively.

4. Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to interest rates risk on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 0.25%, the Group's net income would have decreased or increased by \$119,980 and \$129,406 for nine months ended December 31, 2022 and 2021, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

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5. Fair value of financial instruments

1) Fair value hierarchy

The Group uses the observable market data to evaluate its assets and liabilities. The different inputs of levels of fair value hierarchy in determination of fair value are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. However, for financial instruments not measured at fair value whose carrying amount is estimated reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, the disclosure of their fair value information is not required:

	December 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 435,865	-	435,865	-	435,865
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>679,937</u>	<u>104,867</u>	<u>-</u>	<u>575,070</u>	<u>679,937</u>
Subtotal	<u>1,115,802</u>	<u>104,867</u>	<u>435,865</u>	<u>575,070</u>	<u>1,115,802</u>
Financial assets at fair value through other comprehensive income					
Accounts receivable	5,107,315	-	-	-	-
Stocks of listed companies	723,062	685,373	37,689	-	723,062
Unquoted equity instruments	<u>3,928,007</u>	<u>-</u>	<u>-</u>	<u>3,928,007</u>	<u>3,928,007</u>
Subtotal	<u>9,758,384</u>	<u>685,373</u>	<u>37,689</u>	<u>3,928,007</u>	<u>4,651,069</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	42,450,643	-	-	-	-
Accounts receivable and other receivables	<u>85,954,073</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>128,404,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 139,278,902</u>	<u>790,240</u>	<u>473,554</u>	<u>4,503,077</u>	<u>5,766,871</u>

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	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 112,133	-	112,133	-	112,133
Financial liabilities measured at amortized cost					
Bank loans	65,733,517	-	-	-	-
Accounts payable	84,907,477	-	-	-	-
Other payables	10,524,706	-	-	-	-
Lease liabilities	876,493	-	-	-	-
Subtotal	<u>162,042,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 162,154,326</u>	<u>-</u>	<u>112,133</u>	<u>-</u>	<u>112,133</u>

2) Valuation techniques and assumptions for financial instruments measured at fair value:

The fair value of financial assets and liabilities was decided in accordance with the solutions as follows:

(2.1) Non-derivative financial instruments

- A. The stocks of listed companies are financial assets with standard terms which are traded in the active markets. Their fair values are based on the quoted market prices.
- B. The fair value of private equity is based on standard terms and quoted market prices.
- C. The fair value of unquoted equity instruments was estimated using the market comparable price or net asset value method. The assumption of market comparable price method was based on a comparison between the market prices of each listed company, multiplied by using the estimated price. The discount effect is adjusted due to lack of market liquidity in equity securities.
- D. The fair value of unquoted instruments was estimated using either the discounted cash flow model in which future cash flow were estimated and discounted or the fair value of the recognized assets and liabilities of the investee on the measurement day.

(2.2) Derivative financial instruments

Foreign exchange swap and forward exchange were usually evaluated in the latest forward rate.

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3) Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 of the fair value for the years ended December 31, 2022 and 2021.

4) The following table shows the movements in fair value measurements under level 3 of the fair value hierarchy:

	At fair value through profit or loss	Fair value through other comprehensive income
	\$	\$
Balance as of January 1, 2022	1,864,005	4,023,869
Total gains and losses recognized in		
Profit or loss	(159,883)	-
Other comprehensive income	-	(296,079)
Purchase	582,018	311,208
Disposals	(1,045,716)	(44,310)
Proceeds from liquidation	(674,840)	-
Transfers out of Level 3	-	(70,010)
Effect of movements in exchange rates	9,486	3,329
Balance as of December 31, 2022	\$ 575,070	3,928,007
Balance as of January 1, 2021	\$ 1,064,970	3,567,207
Total gains and losses recognized in		
Profit or loss	70,628	-
Other comprehensive income	-	(289,028)
Remeasured	833,425	752,249
Disposals	(103,824)	(240)
Proceeds from capital reduction	-	(4,838)
Balance as of December 31, 2021	\$ 1,865,199	4,025,350

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The aforementioned total gains and losses was recognized in “other gains and losses” and “unrealized gains and losses from financial assets at fair value through other comprehensive income”. The detailed of the assets which the Group still held as of December 31, 2022 and 2021, were as follow:

	For the years ended December 31,	
	2022	2021
Total gains and losses recognized:		
In profit or loss, and presented in “other gains and losses”	\$ (217,785)	69,411
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	(296,079)	(289,023)

5) Quantified information for significant unobservable inputs (Level 3) used in fair value measurement

The Group uses level 3 inputs to measure fair value through profit or loss, and fair value through other comprehensive income financial assets. Quantified information of significant unobservable inputs was as follows:

Item	Valuation Technique	Significant Non-observable Input	The Relationship between Significant Non-observable Input and Fair Value
Financial assets at fair value through profit or loss – financial instruments without an active market	Discounted Cash Flow Method	· Discounted Rate (2.80%~3.40% on December 31, 2022 and 2.40%~3.60% on December 31, 2021)	· The higher the discount rate, the lower the fair value
Financial assets at fair value through profit or loss – equity instruments investments without an active market	Net Asset Value Method	· Net Asset Value	· Not applicable
Financial assets at fair value through profit or loss – equity instruments investments without an active market	Comparable Listed Companies Method	· Market Multiple (0.98~2.04) · Discount due to Lack of Market liquidity (30%~50%)	· The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)
Financial assets at fair value through other comprehensive income – equity instruments investments without an active market	Comparable Listed Companies Method	· Market Multiple (0.57~3.02) · Discount due to Lack of Market liquidity (30%~50%)	· The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)
Financial assets at fair value through other comprehensive income – equity instruments investments without an active market	Net Asset Value Method	· Net Asset Value	· Not applicable

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6) Sensitivity analysis for fair values of financial instruments using Level 3 Inputs

The Group's fair value measurement on financial instruments is reasonable. However, the measurement would differ if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters are changed, the impact on net income or loss and other comprehensive income or loss will be as follows:

	Input	Variation	Impact on Fair Value Change on Net income or loss		Impact on Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change	Favorable Change	Unfavorable Change
December 31, 2022						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Discount Rate	0.5%	\$ 3,432	(3,432)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	19,569	(19,569)
December 31, 2021						
Financial assets at fair value through profit or loss						
Financial instruments without an active market	Discount Rate	0.5%	\$ 6,674	(6,674)	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments without an active market	Market Multiple	0.5%	-	-	20,087	(20,087)

The favorable change and unfavorable change refer to the fluctuation of fair value. The fair value is calculated based on the different levels of unobservable inputs. The table above shows the impact on single input. Therefore, the relations and variations between inputs are not considered.

6. Offsetting financial assets and financial liabilities

The Group has financial instrument transactions, applicable to the International Financial Reporting Standards Sections 42 NO. 32 approved by the FSC, which required for offsetting. Financial assets and liabilities relating those transactions are recognized in the net amount of the balance sheets.

The Group also performs transactions not compliance with offsetting term of statement, but the Group has an exercisable master netting arrangement or similar agreement in place with its counterparties, and both parties reach a consensus regarding net settlement. The aforesaid exercisable master netting arrangement or similar agreement can be net settled after offsetting the financial assets and financial liabilities. Otherwise, the transaction can be settled at the total amount. In the event of default involving one of the parties, the other party can have the transaction net settled.

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The following tables present the aforesaid offsetting financial assets and financial liabilities.

December 31, 2022						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Offsetting agreement	\$ 295,730,880	295,149,472	581,408	-	-	581,408
Derivative financial instruments	410,110	-	410,110	-	-	410,110
Accounts receivable and payable	5,037,453	3,854,667	1,182,786	-	-	1,182,786
Total	\$ 301,178,443	299,004,139	2,174,304	-	-	2,174,304

December 31, 2022						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	\$ 197,718	-	197,718	-	-	197,718
Accounts receivable and payable	4,529,802	3,854,667	675,135	-	-	675,135
Total	\$ 4,727,520	3,854,667	872,853	-	-	872,853

December 31, 2021						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Offsetting agreement	\$ 391,122,834	390,805,219	317,615	-	-	317,615
Derivative financial instruments	103,916	-	103,916	-	-	103,916
Total	\$ 391,226,750	390,805,219	421,531	-	-	421,531

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December 31, 2021						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not off set in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	\$ <u>109,968</u>	<u>-</u>	<u>109,968</u>	<u>-</u>	<u>-</u>	<u>109,968</u>

Note: Master netting arrangements are included.

(y) Financial risk management

1. Overview

The Group have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

2. Risk management framework

The group are exposed to credit risk, market risk, operating risk and liquidity risk due to its operating activities. To lower the latent unfavorable effects of changing market to the Group's financial performance, the Group have made efforts in identifying and evaluating the risks and avoiding the uncertainty of the market through derivative financial instruments.

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The financial units follows the risk management policies, and report the operating status to the Board of Directors regularly. The internal auditors perform regular reviews by taking risk management control procedures and report to the Board of Directors.

3. Credit risk

Please refer to Note (6)(x) for the analysis of credit risk of cash, cash equivalent and accounts receivable.

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4. Liquidity risk

Liquidity risk is a risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group use actual cost to estimate the cost of its products and services to better assist the Group's monitoring on the cash flow and optimizing the return on investment. As of December 31, 2022, the capital and working funds of the Group are sufficient to meet its entire contractual obligation; therefore, the management is not expecting any significant issue on liquidity risk. As of December 31, 2022 and 2021, the Group's unused credit line were amounted to \$73,159,482 and \$53,788,358, respectively.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate, and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Group.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollars (TWD), US Dollars (USD), Czech Koruna (CZK), Japanese Yen (JPY) and China Yuan (CNY). The currencies used in these transactions are denominated in TWD, USD, JPY and CNY.

The Group often uses the principle of natural hedging as its basis, and proceed supplemented by derivative instruments for hedging exchange rate risk.

The interest is denominated in the same currency as borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

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2) Interest rate risk

The Group's interest rate risk arises from long-term borrowings bearing floating interest rates. The fluctuation of the market interest rate changes the floating interest rates of the long-term borrowings, and thus affect the future cash flow. In order to decrease the effect of the market interest rate fluctuation on to the future cash flow, the Group periodically evaluates bank and currency borrowing rate to hedge the cash flow risk caused by the market interest rate fluctuation.

(z) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, additional paid-in capital, retained earnings, other equity interest and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The group's objective for managing capitals is to maintain investor, creditor and market confidence, and to sustain future development of the business by making debts and capital the most suitable capital structure and optimizing the best of it based on industrial scales, future growth development, and capital expenditures needed for plants and equipment. Thus, the Group calculates the operating funds based on the life cycle of the products, plans for the development in the long run, and then decides the most suitable capital structure considering the business cycle.

The Group ensures the financial resources and the operating plan are sufficient to support the future needs of operating funds, capital expenditures, debt refunding and dividend distribution.

The Group's debt to equity ratio at the reporting date was as follows:

	December 31, 2022	December 31, 2021
Total Liabilities	\$ 175,409,351	191,217,328
Less: cash and cash equivalents	<u>(42,450,643)</u>	<u>(34,787,912)</u>
Net debt	<u>\$ 132,958,708</u>	<u>156,429,416</u>
Total Equity	\$ 58,806,254	56,398,094
Adjusted Capital	<u>\$ 58,806,254</u>	<u>56,398,094</u>
Debt to capital ratio	<u>226.10 %</u>	<u>277.37 %</u>

According to the Company's management, there were no changes in the Group's approach to capital management as of December 31, 2022.

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(aa) Investing and financing activities not affecting the current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the nine months ended December 31, 2022 and 2021, were as follows:

1. For right-of-use assets under leases, please refer to Note (6)(i).

2. Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes		December 31, 2022
			Reclassification	Foreign exchange movement	
Long-term borrowings	\$ 3,790,708	2,728,893	6,617,500	(303,750)	12,833,351
Short-term borrowings (including current portion of long-term borrowings)	61,942,809	(7,873,816)	(6,617,500)	1,213,164	48,664,657
Lease liabilities (Note)	876,493	(197,327)	24,564	49,511	753,241
Total liabilities from financing activities	<u>\$ 66,610,010</u>	<u>(5,342,250)</u>	<u>24,564</u>	<u>958,925</u>	<u>62,251,249</u>

	January 1, 2021	Cash flows	Non-cash changes		December 31, 2021
			Reclassification	Foreign exchange movement	
Long-term borrowings	\$ 8,990,825	2,043,430	(7,217,500)	(26,047)	3,790,708
Short-term borrowings (including current portion of long-term borrowings)	32,221,499	22,864,212	7,217,500	(360,402)	61,942,809
Lease liabilities (Note)	964,514	(209,820)	185,965	(64,166)	876,493
Total liabilities from financing activities	<u>\$ 42,176,838</u>	<u>24,697,822</u>	<u>185,965</u>	<u>(450,615)</u>	<u>66,610,010</u>

Note: Reclassification is due to additions of lease and lease modification during the periods.

(7) Related Parties Transactions

(a) Names and relationships with the Group

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

<u>Names of related party</u>	<u>Relationships with the Group</u>
Inventec Besta Co., Ltd.	Associates
Besta Digital Technology Co., Ltd.	Subsidiary of associates
Inventec Besta (XiAn) Co., Ltd.	Subsidiary of associates
Good Future Biomedical Technology Corp.	Associates
Yingtengda (Guangdong) Technology Co., Ltd	Associates
Gainia Intellectual Asset Services, Inc.	Associates
Intentech HongKong Technoloty Limit	Subsidiary of associates
Testron Technology (JiangSu) Co., Ltd.	Associates
E-TON Solar Tech. Co., Ltd.	Substantive related party (Note 1)

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<u>Names of related party</u>	<u>Relationships with the Group</u>
Inventec Manufacturing (India) Private Limited	Substantive related party (Note 2)
Inventec Group Charity Foundation	Over one-third of total amount of fund donated by the Company
Kou-I Yeh	Director of the Board of the Company
Ching-Sung Chang	Director of the Board of the Company
Shih-Chih Wen	Director of the Board of the Company
Tom-Hwar Cho	Chairman of the Company
Chiung-Nan Yang	Spouse of a director of the Company
Yu-Jung Wen, Yu-Chin Wen	Children of a director of the Company
Dai-Shui He	Key management personnel of the Group

Note 1: E-TON Solar Tech. Co., Ltd. has completed its liquidation on November 24, 2022.

Note 2: Inventec Manufacturing (India) Private Limited, the Group's subsidiary, has ceased operating since July 7, 2021 and is currently in the process of liquidation, resulting in the Group to lose control over it.

(b) Significant transactions with related parties

1. Sales

The amounts of significant sales transactions between the Group and related parties were as follows:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Associates	\$ 1,600,318	486,965
Other related parties	107	1,546
	<u>\$ 1,600,425</u>	<u>488,511</u>

For associates and other related parties, the price and terms were determined in accordance with mutual agreements with its collection terms of 30~90 days for sales. Receivables from related parties were not secured with collaterals, and did not require provisions for impairment.

2. Purchase

The amounts of significant purchase transactions between the Group and related parties were as follows:

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Associates	\$ 294	811

There is no other vendor as comparison for the above purchases, and the purchase prices are based on the settling price agreed by both sides. The payment term is 30~75 days.

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3. Receivable from related parties

The amounts of accounts receivable between the Group and related parties were as follows:

<u>Account</u>	<u>Relationship Categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	Associates	\$ 1,285,573	105,810
Other receivables	Associates	22	2,471
		<u>\$ 1,285,595</u>	<u>108,281</u>

4. Payable to related parties

The amounts of accounts payables between the Group and related parties were as follows:

<u>Account</u>	<u>Relationship Categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable	Associates	\$ 292	-
Other payables	Associates	83,975	2,816
"	Other related parties	914,682	300,000
		<u>\$ 998,949</u>	<u>302,816</u>

As of December 31, 2022 and 2021, the Group borrowed the amount of \$914,682 and \$300,000 from the shareholder, which were accounted as other payables. The borrowing interest rate was 1.06%~1.50%.

5. Property transactions

1) Acquisition of property, plant, equipment, intangible assets and other assets

	<u>For the years ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Associates	\$ 147,428	10,390
E-TON Solar Tech. Co., Ltd.	308,880	-
Other related parties	88,126	-
	<u>\$ 544,434</u>	<u>10,390</u>

2) In 1999, the Group sold property, deferred assets, assets stated under expense, and trademarks to Inventec Besta Co., Ltd., resulting in a gain on property disposal of \$51,712 and other revenue of \$40,453. As of December 31, 2022 and 2021, the unrealized other revenues are both \$1,211.

3) Disposal of property, plant, equipment, intangible assets and other assets

For the year ended December 31, 2022, the Group sold its other assets to Inventec Besta Co., LTD. with a total price and gain on disposal amounted to \$1,060 thousand.

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6. Others

1) Rental and other revenue collected from related parties were as follows:

	For the years ended December 31	
	2022	2021
Associates	\$ 2,865	6,003
Other related parties	13,254	-
	\$ 16,119	6,003

2) Donations to other related parties were as follows:

	For the years ended December 31	
	2022	2021
Other related parties	\$ 10,000	10,000

3) Payments for fixture expenses, system development expenses, maintenance expenses and service expenses to associates were as follows:

	For the years ended December 31	
	2022	2021
Associates	\$ 64,625	3,125

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2022	2021
Short-term employee benefits	\$ 537,330	444,314
Post-employment benefit	7,486	7,218
	\$ 544,816	451,532

(8) Assets Pledged as Security

The carrying amounts of assets pledged as security were as follows:

Assets pledged as security	Liabilities secured by pledge	December 31, 2022	December 31, 2021
Refundable deposits (Other non-current assets)	Membership guarantee and rental deposit	\$ 295,154	370,203
Restricted cash in banks (Other current assets and Other non-current assets)	Guarantee and the account of repatriated offshore funds	1,676,578	695,032
Land, buildings and constructions (Property, plant and equipment, and right-of-use assets)	Current portion long-term borrowings, long-term borrowings and other payables	8,813,003	8,945,371
Total		\$ 10,784,735	10,010,606

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(9) Significant Commitments and Contingencies

(a) Major Commitments:

1. Promissory notes issued for bank credit, forward contracts, secured deposits for executing technology agreements with the government and property deposits were as follows:

	December 31, 2022	December 31, 2021
TWD	\$ 18,201,232	22,120,465
USD (in thousands)	1,827,400	1,813,400

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

(a) The employee benefits, depreciation, depletion and amortization expenses categorized by function were as follows:

By function	For the years ended December 31, 2022			For the years ended December 31, 2021		
	Operating costs	Operating and non-operating expense	Total	Operating costs	Operating and non-operating expense	Total
Employee benefits						
Salary	8,199,305	9,564,801	17,764,106	8,162,075	8,934,465	17,096,540
Labor and health insurance	768,571	837,885	1,606,456	760,960	786,195	1,547,155
Pension	621,752	544,288	1,166,040	599,946	500,016	1,099,962
Others	653,762	334,867	988,629	541,914	308,288	850,202
Depreciation	1,375,877	795,178	2,171,055	1,544,474	816,739	2,361,213
Amortization	239,297	491,016	730,313	192,549	709,059	901,608

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(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2022:

1. Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Inventec Appliances (Nanjing) Corp.(Note 2)	Inventec Appliances (XI'AN) Corporation	Other receivables	Y	101,936	39,672	17,632	3.045%	2	-	Working Capital	-	None	-	395,544	395,544
2	Inventec Appliances (Shanghai) Co., Ltd.(Note 2)	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Other receivables	Y	267,180	132,240	132,240	3.045%	2	-	"	-	"	-	1,515,747	1,515,747
2	"	Inventec Appliances (Pudong) Corp.	Other receivables	Y	942,480	925,680	-		2	-	"	-	"	-	1,515,747	1,515,747
3	Inventec Appliances Corp.(Note 3)	Inventec Appliances (Malaysia) SDN. BHD.	Other receivables	Y	1,449,450	1,381,500	1,379,790	1.60%	2	-	"	-	"	-	1,522,664	3,045,327
4	Inventec Appliances (Jiangning) Corp. (Note 2)	Inventec Appliances (Malaysia) SDN. BHD.	Other receivables	Y	1,191,770	1,135,900	-		2	-	"	-	"	-	3,555,823	3,555,823
5	Inventec (Pudong) Management Corp.(Note 4)	Inventec Asset-Management (Shanghai) Corporation	Other receivables	Y	3,028,040	1,586,880	1,410,560	5.175%	2	-	"	-	"	-	1,727,450	1,727,450

Note 1: Purpose of fund financing for the borrower:

(1) Those with business contact, please fill in 1.

(2) Those necessary for short term financing, please fill in 2.

Note 2: Among Subsidiaries which the parent company holds 100% voting power, aggregate amount of loans shall not exceed the Company's net worth as stated in its latest financial report, and each amount of loans shall not exceed 100 percent of the permitted aggregate amount of loans of the company.

Note 3: Where an inter-company or inter-firm short-term financing facility is necessary, total financing amount shall not exceed 40 percent of the company's net worth as stated in its latest financial report. Each financing amount shall not exceed 50 percent of the permitted aggregate amount of loans of the company.

Note 4: Where an inter-company or inter-firm short-term financing facility is necessary, total financing amount shall not exceed 40 percent of the company's net worth as stated in its latest financial report. Each financing amount shall not exceed 100 percent of the permitted aggregate amount of loans of the company.

Note 5: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

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2. Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements /guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsement s/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	IEC Technologies, S.DE R.L. DE C.V	2	29,777,029	322,100	307,000	-	-	0.52 %	29,777,029	Y	N	N
0	"	Inventec (Czech), s.r.o.	2	29,777,029	16,105	15,350	-	-	0.03 %	29,777,029	Y	N	N
1	Inventec Appliances Corp.	Inventec Appliances (Malaysia) SDN. BHD.	2	3,806,659	2,801,018	2,785,484	924,155	-	36.59 %	3,806,659	Y	N	N

Note 1: The relationship between the entity for which the endorsement/guarantee is made and the Company:

- The Company has business relationship.
- Subsidiaries in which the Company holds more than 50 percent of its voting power.
- A investee in which the Company and subsidiary holds more than 50 percent of its voting shares.
- Subsidiaries in which the Company holds more than 90 percent of its voting power.
- Companies in accordance with contractual provisions established by mutual applicants or in need of project.
- Companies that are endorsed and guaranteed by all capital shareholders based on their shareholding ratio due to a joint investment relationship.
- The performance of pre-sale house sales contract between intra-industry companies is in accordance with the Consumer Protection Law required joint guarantees.

Note 2: Both the aggregate amount of endorsements/guarantees and the amount of endorsements/guarantees for a single enterprise by the Company's cannot exceed 50 percent of its net worth as stated in its latest financial statement.

Note 3: Both the aggregate amount of endorsements/guarantees and the amount of endorsements/guarantees for a single enterprise by Inventec Appliance Corp. cannot exceed 50 percent of its net worth as stated in its latest financial statement.

Note 4: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

3. Securities held at the reporting date (excluding investment subsidiaries, associates and joint ventures) :

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest percentage of ownership (%) during the year	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	WIN Semiconductors Corp.	-	Current financial assets at fair value through other comprehensive income	4,063	554,557	0.96 %	554,557	0.96 %	
"	Amphastar Pharmaceuticals Inc.	-	Non-current financial assets at fair value through other comprehensive income	26	22,199	0.05 %	22,199	0.05 %	
"	Arima Communications Corp.	-	"	7,390	37,689	10.15 %	37,689	10.15 %	
"	Tomorrow Studio Co., Ltd	-	"	29	94	0.15 %	94	0.15 %	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest percentage of ownership (%) during the year	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Tai Yi Precision Corporation	-	Non-current financial assets at fair value through other comprehensive income	2,540	-	6.67 %	-	6.67 %	
"	New E Materials Co., Ltd.	-	"	1,760	8,078	16.00 %	8,078	16.00 %	
"	Top Taiwan Xiv Venture Capital Co., Ltd.	-	"	30,000	291,600	13.76 %	291,600	15.00 %	
"	Rasilent Systems, Inc. preference share	-	"	3,632	-	6.20 %	-	6.20 %	
"	SKSpruce Holding Limited preferred stock	-	"	3,746	26,852	3.72 %	26,852	3.72 %	
"	CloudMosa Technologies, Inc. preferred stock	-	"	235	35,395	2.16 %	35,395	2.16 %	
"	QEEXO, Co. preferred stock	-	"	568	30,606	3.08 %	30,606	3.08 %	
"	Rescale, Inc. preferred stock	-	"	355	6,946	1.16 %	6,946	1.16 %	
"	Sensel, Inc. preferred stock	-	"	532	14,123	2.58 %	14,123	2.93 %	
"	ASOCS LTD. preferred stock	-	"	360	-	1.43 %	-	1.44 %	
"	Atayalan, Inc. preferred stock	-	"	1,553	4,569	3.70 %	4,569	3.70 %	
"	ZT Group Int'l, Inc.	-	"	-	2,138,373	10.00 %	2,138,373	10.00 %	
"	SKSpruce Holding Limited convertible short-term note	-	Current financial assets at fair value through profit or loss	-	10,557	-	10,557	-	
"	Empass Technology	-	Non-current financial assets at fair value through profit or loss	560	11,722	6.71 %	11,722	6.75 %	
"	Entire Technology Co., Ltd.	-	"	3,260	65,461	4.13 %	65,461	4.13 %	
"	Imedtac Co., Ltd.	-	"	1,200	40,431	8.43 %	40,431	8.43 %	
"	TMV Technology Inc.	-	"	2,857	12,538	8.00 %	12,538	8.00 %	
"	Enflex Corporation	-	"	750	2,470	0.92 %	2,470	0.92 %	
Inventec (Cayman) Corp.	Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	30,000	1,194,630	13.17 %	1,194,630	13.17 %	
Saint Investment Consulting Corporation	Shanghai StarFive Technology Co., Ltd.	-	"	17	2,820	0.66 %	2,820	0.66 %	
"	Guangdong StarFive Technology Co., Ltd.	-	"	522	85,341	0.66 %	85,341	0.66 %	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest percentage of ownership (%) during the year	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
Inventec (Chongqing) Corp.	Kunshan Joing Technology Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	5,948	71,652	2.96 %	71,652	2.96 %	
Inventec Hi-Tech Corp.	SCSB Winners Yijing Ling Financial Product	-	Current financial assets at fair value through profit or loss	-	220,400	- %	220,400	- %	
Inventec (Beijing) Electronics Technology Co., Ltd.	Bank of Communications Wintofortune Wealth Management (No.2) products	-	"	-	21,832	- %	21,832	- %	
"	Bank of Communications Wintofortune Wealth Management (No.1) products	-	"	-	31,772	- %	31,772	- %	
Inventec Electronics (Tianjin) Co., Ltd.	Bank of Communications Wintofortune Wealth Management (No.1) products	-	"	-	42,255	%	42,255	%	
"	Bank of Communications Wintofortune Wealth Management (No.1) products	-	"	-	43,844	- %	43,844	- %	
"	Bank of Communications Wintofortune Wealth Management (No.2) products	-	"	-	44,814	- %	44,814	- %	
Inventec Development Japan Corporation	Famm Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	100	14,149	16.00 %	14,149	16.00 %	
Inventec Investments Co., Ltd.	ENNOSTAR Inc.	-	Current financial assets at fair value through profit or loss	881	39,406	0.12 %	39,406	0.12 %	
"	UCFUNNEL CO LTD	-	Non-current financial assets at fair value through other comprehensive income	83	15,086	5.00 %	15,086	5.00 %	
"	Sagacity Tech. Co., Ltd.	-	"	79	449	15.00 %	449	15.00 %	
"	Living Pattern Technology Inc.	-	"	4	408	13.70 %	408	13.70 %	

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Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest percentage of ownership (%) during the year	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
Inventec Appliances Corp.	SCOPE INDUSTRIES BERHAD	-	Non-current financial assets at fair value through other comprehensive income	84,444	108,617	7.32 %	108,617	7.32 %	
"	Rong Cheng Tech. Co., Ltd.	-	"	1,950	-	9.38 %	-	9.38 %	
"	Tai Yi Precision Corporation	-	"	635	-	1.67 %	-	1.67 %	
"	Siano Mobile Silicon Inc.	-	"	461	-	0.15 %	-	0.15 %	
"	All People Health Social Enterprise Co.,Ltd.	-	"	100	1,000	14.29 %	1,000	14.29 %	
"	GCT Semiconductor, Inc.	-	"	93	-	0.12 %	-	0.12 %	
"	Pandigital Worldwide, Ltd. preferred stock	-	"	939	-	4.80 %	-	4.80 %	
"	3GTMobile Corporation	-	"	314	-	2.88 %	-	2.88 %	
"	Line Global Inc. (Proximiant, Inc.) preferred stock	-	"	594	-	5.30 %	-	5.30 %	
"	Molekule, Inc. preferred stock	-	"	160	-	0.12 %	-	1.50 %	
"	XMEMS LABS INC	-	"	3,375	57,488	3.78 %	57,488	3.78 %	
"	Cardio Ring Technologies, Inc. convertible long-term note	-	Non-current financial assets at fair value through profit or loss	-	20,783	-	20,783	-	
Inventec Appliances (Cayman) Holding Corp.	Siano Mobile Silicon Inc.		Non-current financial assets at fair value through other comprehensive income	99	-	0.03 %	-	0.03 %	
"	Leadtone Limited(Class B preferred stock)		"	1,250	-	2.36 %	-	2.36 %	
"	Digital Chaotex Holdings Ltd.(Class A2 preferred stock)		"	446	-	2.08 %	-	2.08 %	

Note 1: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

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4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Security type and name	Account name	Counter-party	Relationship	Beginning Balance		Acquisition(Note 1)		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Inventec Holding (North America) Corp. ordinary shares	Investments accounted for using equity method	Cash Capital Increase	Related parties	2,001	1,496,415	10	3,401,317	-	-	-	-	2,011	4,897,732
Inventec Holding (North America) Corp.	IEC TECHNOLOGIES, S. DE R.L. DE C.V.	"	"	"	160,484	514,373	1,500,000	2,498,420	-	-	-	-	1,660,484	3,012,792
The Company	Top Taiwan Xiv Venture Capital Co., Ltd.	Non-current financial assets at fair value through other comprehensive income	Incorporation by solicitation	Non-related parties	-	-	30,000	291,600	-	-	-	-	30,000	291,600
Inventec Hi-Tech Corp.	SCSB Ching Hsiang Li series open-end wealth management products	Current financial assets at fair value through profit or loss	Bank of Shanghai	Non-related parties	-	-	-	443,100	-	444,770	443,100	1,670	-	-
"	SCSB Winners Zan Chong Jun Xiang Financial Product	"	"	"	-	433,992	-	9,108	-	453,185	443,100	10,085	-	-

Note 1: The ending balance includes adjustments of valuation.

Note 2: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

5. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Property, plant and equipment	April 26, 2022	308,880	100%	E-TON Solar Tech. Co., Ltd	Liquidated investee company	JI-EE INDUSTRY CO., LTD.	Non-related parties	In December of 2009	503,854	Appraisal report of Evermore Valuation: TWD 480,556	Owner-occupied plant	None

6. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

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7. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details			Transactions with terms different from others		Notes/Accounts receivable (payable)		Note	
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance		Percentage of total notes/accounts receivable (payable)
The Company	Inventec Holding (North America) Corp.	Subsidiary	Sales	90,749,638	20.06 %	105 days	Negotiated price	No general trading partner can be compared.	28,808,753	36.22 %	
"	Inventec (Czech), s.r.o.	"	Sales	1,878,228	0.42 %	105 days	"	"	554,003	0.70 %	
"	AIMobile Co., Ltd.	"	Sales	114,899	0.03 %	60 days	"	"	21,148	0.03 %	
"	Inventec Corporation (Hong Kong) Ltd.	"	Purchases	312,366,949	70.71 %	90-105 days	"	"	(78,674,841)	70.86 %	
"	Inventec Appliances (Nanjing) Corp.	"	Purchases	141,774	0.03 %	90 days	"	"	(24,122)	0.02 %	
"	Inventec Holding (North America) Corp.	"	Purchases	450,779	0.10 %	105 days	"	"	(161,151)	0.15 %	
"	Inventec (Czech), s.r.o.	"	Purchases	632,205	0.14 %	105 days	"	"	(95,132)	0.09 %	
Inventec Holding (North America) Corp.	The Company	Parent	Purchases	90,749,638	96.44 %	105 days	"	"	(28,808,753)	99.14 %	
"	"	"	Sales	450,779	0.46 %	105 days	"	"	161,151	1.06 %	
"	SQ Technology (Shanghai) Corporation	Associates	Sales	280,181	0.29 %	105 days	"	"	19,769	0.13 %	
Inventec (Czech), s.r.o.	The Company	Parent	Purchases	1,878,228	93.05 %	105 days	"	"	(554,003)	91.27 %	
"	"	"	Sales	632,205	77.99 %	105 days	"	"	95,132	33.11 %	
Inventec Corporation (Hong Kong) Ltd.	"	"	Sales	312,366,949	100.00 %	90-105 days	"	"	78,674,841	53.97 %	
"	Inventec (Pudong) Technology Corp. (Note 1)	Associates	Purchases	30,073,990	9.63 %	105 days	"	"	(11,207,929)	7.69 %	
"	SQ Technology (Shanghai) Corporation (Note 1)	"	Purchases	12,858,158	4.12 %	105 days	"	"	(8,604,858)	5.91 %	
"	Inventec (Chongqing) Corp. (Note 1)	"	Purchases	269,434,355	86.26 %	90 days	"	"	(58,862,054)	40.41 %	
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	"	Sales	30,073,990	80.01 %	105 days	"	"	11,207,929	87.41 %	
"	SQ Technology (Shanghai) Corporation	"	Sales	5,199,631	13.83 %	105 days	"	"	993,473	7.75 %	
"	SQ Technology (Shanghai) Corporation	"	Purchases	430,915	1.28 %	105 days	"	"	(247,177)	2.48 %	
"	Inventec (Shanghai) Corp.	"	Sales	249,645	0.66 %	105 days	"	"	59,698	0.47 %	

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec (Shanghai) Corp.	SQ Technology (Shanghai) Corporation	Associates	Purchases	9,144,899	97.34 %	105 days	Negotiated price	No general trading partner can be compared.	(75,840)	55.95 %	
"	Inventec (Pudong) Technology Corp.	"	Purchases	249,645	2.66 %	105 days	"	"	(59,698)	44.05 %	
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	"	Sales	269,434,355	99.60 %	90 days	"	"	58,862,054	99.89 %	
"	AIMobile Co., Ltd.	"	Sales	195,761	0.07 %	90 days	"	"	39,265	0.07 %	
SQ Technology (Shanghai) Corporation	Inventec Corporation (Hong Kong) Ltd.	"	Sales	12,858,158	21.98 %	105 days	"	"	8,604,858	33.27 %	
"	Inventec (Shanghai) Corp.	"	Sales	9,144,899	15.63 %	105 days	"	"	75,840	0.29 %	
"	Inventec (Pudong) Technology Corp.	"	Sales	430,915	0.74 %	105 days	"	"	247,177	0.96 %	
"	Inventec (Pudong) Technology Corp.	"	Purchases	5,199,631	8.64 %	105 days	"	"	(993,473)	3.84 %	
"	Inventec Holding (North America) Corp.	"	Purchases	280,181	0.47 %	105 days	"	"	(19,769)	0.08 %	
SQ Technology (Shanghai) Corporation	Yingtengda (Guangdong) Technology Co., Ltd.	Affiliate	Sales	1,597,835	2.73 %	75 days	"	"	1,284,109	4.97 %	
Inventec Appliances Corp.	Inventec Appliances (Pudong) Corp.	Associates	Purchases	21,648,802	74.07 %	1-2 months	"	"	(7,184,653)	81.50 %	
"	Inventec Appliances (Nanjing) Corp.	"	Purchases	804,680	2.75 %	1-2 months	"	"	(91,936)	1.04 %	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Purchases	354,476	1.21 %	1-2 months	"	"	(25,012)	0.28 %	
"	Inventec Appliances (Malaysia) SDN. BHD.	"	Purchases	2,829,677	9.68 %	1-2 months	"	"	(788,502)	8.95 %	
"	Inventec Appliances (USA) Distribution Corp.	"	Sales	589,887	1.87 %	1-2 months	"	"	105,876	1.85 %	
Inventec Appliances (USA) Distribution Corp.	Inventec Appliances Corp.	"	Purchases	589,887	100.00 %	1-2 months	"	"	(105,876)	100.00 %	
"	Inventec Appliances Corp. (Pudong) Corp.	"	Sales	21,648,802	98.21 %	1-2 months	"	"	7,184,653	96.50 %	
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	"	Sales	155,100	0.66 %	90 days	"	"	139,523	1.87 %	

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Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sale	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	Associates	Sales	142,378	0.60 %	90 days	Negotiated price	No general trading partner can be compared.	117,392	1.58 %	
"	Inventec Appliances (Malaysia) SDN. BHD.	"	Purchases	973,012	5.05 %	90 days	"	"	(330,051)	6.88 %	
Inventec Appliances (Nanjing) Corp.	Inventec Appliances Corp.	"	Sales	804,680	19.64 %	1-2 months	"	"	91,936	15.03 %	
"	The Company	Parent	Sales	141,774	3.50 %	90 days	"	"	24,122	3.94 %	
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Inventec Appliances Corp.	Associates	Sales	354,476	99.52 %	60 days	"	"	25,012	99.55 %	
"	Inventec Appliances (Pudong) Corp.	"	Purchases	155,100	70.50 %	90 days	"	"	(139,523)	95.70 %	
Inventec Appliances (Malaysia) SDN. BHD.	Inventec Appliances Corp.	"	Sales	2,829,677	74.61 %	1-2 months	"	"	788,502	70.37 %	
"	Inventec Appliances (Pudong) Corp.	"	Sales	973,012	25.65 %	90 days	"	"	330,051	29.45 %	
"	Inventec Appliances (Pudong) Corp.	"	Purchases	142,378	3.76 %	90 days	"	"	(117,392)	11.61 %	
AIMobile Co., Ltd.	The Company	Parent	Purchases	114,899	36.17 %	60 days	"	"	(21,148)	34.58 %	
"	Inventec (Chongqing) Corp.	Associates	Purchases	195,761	61.29 %	90 days	"	"	(39,265)	64.20 %	

Note 1: Based on the negotiated price while trading.

Note 2: The aforementioned inter-company transactions were eliminated in the consolidated financial statements.

8. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock:

(Expressed in Thousands of New Taiwan Dollars)

Name of company	Counter party	Relationship	Ending balance	Turnover	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Inventec Holding (North America) Corp.	Subsidiary	28,808,753	2.99	1,773,370	Received in the subsequent period	11,289,352	-
"	Inventec (Czech), s.r.o.	Subsidiary	554,003	0.89	352,945	Received in the subsequent period	98,857	-
"	Inventec Corporation (Hong Kong) Ltd. (Note)	Subsidiary	66,771,166	-	17,955,084	Received in the subsequent period	22,520,722	-

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Name of company	Counter party	Relationship	Ending balance	Turnover	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Inventec Holding (North America) Corp.	The Company	Parent	161,151	2.11	-		115,302	-
Inventec Corporation (Hong Kong) Ltd.	The Company	Parent	78,674,841	4.26	14,184,837	Received in the subsequent period	35,411,511	-
"	Inventec (Pudong) Technology Corp. (Note 1)	Associates	4,242,794	-	1,984,258	Received in the subsequent period	529	-
"	SQ Technology (Shanghai) Corporation (Note 1)	Associates	21,149,856	-	9,356,968	Received in the subsequent period	2,795,682	-
"	Inventec (Chongqing) Corp. (Note 1)	Associates	41,378,516	-	6,613,858	Received in the subsequent period	19,724,511	-
Inventec (Pudong) Technology Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	11,207,929	3.38	1,609,711	Received in the subsequent period	993,165	-
"	SQ Technology (Shanghai) Corporation	Associates	993,473	1.53	-		684,736	-
Inventec (Chongqing) Corp.	Inventec Corporation (Hong Kong) Ltd.	Associates	58,862,054	4.67	8,790,413	Received in the subsequent period	32,687,960	-
SQ Technology (Shanghai) Corporation	Inventec Corporation (Hong Kong) Ltd.	Associates	8,604,858	1.89	3,784,712	Received in the subsequent period	1,730,386	-
"	Yingtengda (Guangdong) Technology Co., Ltd.	Affiliate	1,284,109	2.40	149,637	Received in the subsequent period	1,283,960	-
"	Inventec (Pudong) Technology Corp.	Associates	247,177	2.00	106,625	Received in the subsequent period	196	-
Inventec Appliances Corp.	Inventec Appliances (USA) Distribution Corp.	Associates	105,876	3.45	-		74,274	-
"	Inventec Appliances (Pudong) Corp.	Associates	369,627	3.67	119,941	Received in the subsequent period	202,428	-
Inventec Appliances (Pudong) Corp.	Inventec Appliances Corp.	Associates	7,184,653	3.04	-		3,472,308	-
"	Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Associates	139,523	0.84	127,686	Received in the subsequent period	18,859	-
"	Inventec Appliances (Malaysia) SDN. BHD.	Associates	117,392	2.29	-		-	-
Inventec Appliances (Malaysia) SDN. BHD.	Inventec Appliances Corp.	Associates	788,502	5.34	-		366,601	-
"	Inventec Appliances (Pudong) Corp.	Associates	330,051	3.38	-		210,322	-

Note 1: The receivables were not yielded by sales or purchases; therefore, there is no turnover rate.

Note 2: The aforementioned inter-company transactions were eliminated in the consolidated financial statements.

9. Trading in derivative instruments: Please refer to notes (6)(b) and (6)(x).

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10. Business relationships and significant inter-company transactions:

No.	Name of company	Name of counter party	Existing relationship with the counter-party	Intercompany Transactions			
				Account name	Amount	Terms of trading	Percentage of the consolidated total revenue or total assets
0	Inventec Corporation	Inventec Holding (North America) Corp.	1	Sales	90,749,638	Negotiated price	17 %
	"	"	1	Accounts Receivable	28,808,753	105 days	12 %
	"	Inventec Corporation (Hong Kong) Ltd.	1	Purchases	312,366,949	Negotiated price	58 %
	"	"	1	Other Receivables	66,771,166	90-105 days	28 %
	"	"	1	Accounts Payable	78,674,841	"	33 %
1	Inventec Corporation (Hong Kong) Ltd.	Inventec (Pudong) Technology Corp.	3	Purchases	30,073,990	Negotiated price	6 %
	"	"	3	Accounts Payable	11,207,929	105 days	5 %
	"	"	3	Accounts Receivable	4,242,794	"	2 %
	"	SQ Technology (Shanghai) Corporation	3	Purchases	12,858,158	Negotiated price	2 %
	"	"	3	Accounts Payable	8,604,858	105 days	4 %
	"	"	3	Accounts Receivable	21,149,856	"	9 %
	"	Inventec (Chongqing) Corp.	3	Purchases	269,434,355	Negotiated price	50 %
	"	"	3	Accounts Payable	58,862,054	90 days	25 %
	"	"	3	Accounts Receivable	41,378,516	"	18 %
2	Inventec (Pudong) Technology Corp.	SQ Technology (Shanghai) Corporation		Sales	5,199,631	Negotiated price	1 %
3	SQ Technology (Shanghai) Corporation	Inventec (Shanghai) Co., Ltd.	3	Sales	9,144,899	Negotiated price	2 %
4	Inventec Appliances Corp.	Inventec Appliances (Pudong) Corp.	3	Purchases	21,648,802	Negotiated price	4 %
	"	"	3	Accounts Payable	7,184,653	1-2 months	3 %

Note 1: Company numbering as follows:

1. Parent company - 0.
2. Subsidiaries starts from 1.

Note 2: The numbering of the relationship between transaction parties as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated asset; if categorized as income or loss, the calculation is compared with the consolidated operating revenue.

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(b) Information on investments:

The following is the information on investees for the year ended December 31, 2022 (excluding investees in Mainland China):

(In Thousands of New Taiwan Dollars, Except for Share Data)

Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest percentage of ownership during the year	Net income (loss) of the investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares/Units (In thousands)	Percentage of ownership	Carrying value				
The Company	Inventec Besta Co., Ltd.	Taipei	Electronic dictionary	420,347	420,347	23,405	37.53 %	222,154	37.53 %	(86,888)	(32,607)	Investment accounted for using equity method
"	Inventec Corporation (Hong Kong) Ltd.	Hong Kong	Trading	167,162	167,162	2,500	100.00 %	417,502	100.00 %	15,722	15,722	Subsidiary
"	Inventec Holding (North America) Corp.	USA	Holding Company	3,335,143	353,743	2,011	100.00 %	4,897,732	100.00 %	158,727	158,727	"
"	Inventec Appliances Corp.	New Taipei City	Intelligent device products	9,656,877	9,656,877	536,857	100.00 %	8,382,773	100.00 %	(211,657)	(211,657)	"
"	Inventec (Cayman) Corp.	Cayman	Holding Company	9,812,963	9,812,963	301,768	100.00 %	26,681,541	100.00 %	(223,128)	(223,128)	"
"	IEC (Cayman) Corporation	Cayman	Holding Company	739,500	739,500	25,000	100.00 %	1,774,967	100.00 %	212,028	212,028	"
"	Inventec (Czech), S.R.O.	Czech	Production and sales of computer products	85,921	85,921	-	100.00 %	231,522	100.00 %	49,496	49,496	"
"	Inventec Investment Co., Ltd.	Taipei	Investment Company	1,000,000	1,000,000	108,800	100.00 %	68,239	100.00 %	(22,354)	(22,354)	"
"	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	1,087,800	1,087,800	108,150	33.45 %	(661,071)	33.45 %	(45,374)	(27,818)	"
"	Inventec Development Japan Corporation	Japan	Trading	630,845	630,845	45	100.00 %	19,943	100.00 %	(644)	(644)	"
"	Inventec Japan Corporation	Japan	Trading and management service	2,954	2,954	-	100.00 %	3,165	100.00 %	220	220	Subsidiary
"	AIMobile Co., Ltd.	Taipei	Developing, production and sales of intelligent mobile devices	80,300	182,500	8,030	73.00 %	44,806	73.00 %	(44,010)	(32,150)	"
"	InvenexT System Co., Ltd.	Taipei	Production and sales of 5G equipment	50,000	-	5,000	100.00 %	49,872	100.00 %	(128)	(128)	"

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Investor company	Investee company	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest percentage of ownership during the year	Net income (loss) of the investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares/Units (In thousands)	Percentage of ownership	Carrying value				
Inventec Investment Co., Ltd.	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	150,000	150,000	15,000	4.64 %	(95,684)	4.64 %	(45,374)	-	Associate Company
Inventec Appliances Corp.	Inventec Appliances (Cayman) Holding Corp.	Cayman	Holding Company	6,126,941	6,126,941	199,575	100.00 %	12,791,356	100.00 %	(896,866)	-	"
"	Inventec Appliances (Vietnam) Company Limited	Vietnam	Production and sales of intelligent devices	92,100	-	-	100.00 %	89,688	100.00 %	(2,322)	-	"
"	Gainia Intellectual Asset Services, Inc.	Taipei	Intellectual property rights integrative services	6,240	6,400	189	35.87 %	937	38.90 %	102	-	Investment accounted for using equity method
"	Good Future Biomedical Technology Corp.	Taoyuan	Biotechnology services and retail sale and wholesale of medical devices	23,712	23,712	9,120	30.00 %	20,643	30.00 %	(5,298)	-	"
"	Inventec Solar Energy Corporation	Taoyuan	Sales of solar cells and medical equipment	311,160	311,160	30,930	9.57 %	(197,300)	9.57 %	(45,374)	-	Associate Company
Inventec Appliances (Cayman) Holding Corp.	Inventec Appliances (USA) Distribution Corp.	USA	Marketing promotion	24,560	24,560	400	100.00 %	101,920	100.00 %	971	-	"
"	Inventec Appliances Corporation USA, Inc.	"	Sales services	1,535	1,535	10	100.00 %	15,745	100.00 %	808	-	"
Inventec Appliances (Pudong) Corp.	Inventec Appliances (Malaysia) SDN. BHD.	Malaysia	Production and sales of intelligent devices	881,482	881,482	121,000	100.00 %	(95,639)	100.00 %	(603,838)	-	"

Note 1: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 2: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

Note 3: According to the regulations, investment companies other than the Company are not required to disclose the share of income / loss of investees.

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(c) Information on investments in Mainland China:

1. The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 6)
					Out-flow	Inflow							
Inventec (Shanghai) Service Co., Ltd	Sales of computer products	322,786	(2)	61,400	-	-	61,400	26,462	100.00 %	100.00 %	26,462	282,101	30,234
Inventec (ChongQing) Service Co., Ltd	Sales of computer products	30,700	(2)	30,700	-	-	30,700	642	100.00 %	100.00 %	642	40,673	-
Inventec(Pudong) co.,Ltd	Sales of computer products	1,535,000	(2)	1,535,000	-	-	1,535,000	74,189	100.00 %	100.00 %	74,189	4,318,626	-
Inventec (Shanghai) Co.,Ltd.	Sales of computer products	2,107,774	(2)	905,650	-	-	905,650	40,154	100.00 %	100.00 %	(17,718)	1,884,671	-
Inventec (ChongQing) Corporation	Production and sales of computer products	2,302,500	(2)	2,302,500	-	-	2,302,500	1,458,411	100.00 %	100.00 %	1,458,411	11,862,852	2,242,107
Inventec (Pudong) Technology Corp.	Production and sales of computer products	1,798,766	(2)	1,535,000	-	-	1,535,000	(1,539,436)	100.00 %	100.00 %	(1,542,084)	7,901,543	321,599
Inventec Electronics (Tianjin) Co.,Ltd.	Electronic product software development	153,500	(2)	130,475	-	-	130,475	17,712	100.00 %	100.00 %	17,712	262,612	149,517
Inventec Electronics (Beijing) Co.,Ltd.	Electronic product software development	44,515	(2)	44,515	-	-	44,515	(3,173)	100.00 %	100.00 %	(3,173)	77,276	-
Inventec Hi-Tech Corporation	Sales of computer products	1,535,000	(2)	1,535,000	-	-	1,535,000	(32,065)	100.00 %	100.00 %	(32,065)	1,692,107	-
Inventec Asset-Management(Shanghai) Corporation	Leasing	1,887,528	(3)	-	-	-	-	(27,947)	78.00 %	78.00 %	(21,799)	1,348,270	-
Saint Investment Consulting Corporation	Business management	220,400	(3)	-	-	-	-	27,850	100.00 %	100.00 %	27,850	245,301	-
SQ Technology (Shanghai) Corporation	Production and sales of computer products	235,046	(3)	-	-	-	-	(1,278,964)	100.00 %	100.00 %	(1,278,964)	(505,942)	-
Truswe (ChongQing) Technology Co.,Ltd	Sales of electronic products	132,240	(3)	-	-	-	-	(14,608)	20.00 %	20.00 %	(2,922)	22,676	-
Yingtengda(Guangdong) Technology Co., Ltd. (Note 8)	Production and sales of computer products	44,080	(3)	-	-	-	-	17,391	15.00 %	15.00 %	-	36,113	-
Testron Technology(JiangSu) Co., Ltd.	Production and sales of electronic products	122,594	(3)	-	-	-	-	144,541	9.99 %	10.81 %	27,997	97,499	-
Shanghai Haixin Electronic Technology Co., Ltd.	Production and sales of electronic products	9,676	(3)	-	-	-	-	(3,010)	18.00 %	18.00 %	(542)	43,541	-
Inventec Appliances (Shanghai) Corp.	Development of intelligent devices	1,584,120	(2)	1,477,223	-	-	1,477,223	(125,126)	100.00 %	100.00 %	(125,126)	1,515,747	1,535,981
Inventec Appliances (Pudong) Corp.	Production and sales of intelligent devices	2,363,900	(2)	2,363,900	-	-	2,363,900	(818,851)	100.00 %	100.00 %	(750,759)	7,088,624	2,297,117
Inventec Appliances (Jiangning) Corp.	Production and sales of intelligent devices	2,087,600	(2)	1,289,400	-	-	1,289,400	(30,725)	100.00 %	100.00 %	(31,152)	3,552,775	3,571,176

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Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period (Note 6)
					Out-flow	Inflow							
Inventec Appliances (Nanjing) Corp.	House leasing	153,500	(2)	275,732	-	-	275,732	33,551	100.00 %	100.00 %	33,551	434,509	85,353
Inventec Appliances (Xi'an) Corporation	House leasing	122,800	(2)	122,800	-	-	122,800	12,241	100.00 %	100.00 %	12,241	75,046	-
Inventec Appliances (Nanchang) Corp.	Development of intelligent devices	64,470	(2)	64,470	-	-	64,470	(38,128)	100.00 %	100.00 %	(38,128)	(391)	-
Apex Business Managements & Consulting (Shanghai) Co., Ltd.	Business management and Consulting	2,212	(3)	-	-	-	-	17,527	100.00 %	100.00 %	17,527	127,445	-
Inventec Appliances (Shanghai) Enterprise	Industrial investment and investment management	35,264	(3)	-	-	-	-	(2,181)	100.00 %	100.00 %	(2,181)	20,269	-
Inventec Appliances (Nanchang) Intelligent Manufacturing Co., Ltd.	Production and sales of intelligent devices	264,480	(3)	-	-	-	-	(82,230)	100.00 %	100.00 %	(82,230)	(78,082)	-
Inventec Easy Doctor Corporation	Production and sales of medical devices, software development	44,080	(3)	-	-	-	-	(12,600)	100.00 %	100.00 %	(12,600)	30,517	-

2. Upper limit on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3,4,7)
The Company	8,144,710	8,144,710	-
Inventec Appliances Corp.	5,661,940	5,661,940	4,567,991

Note 1: There are three ways of investments as following:

- (1) Direct investment in Mainland China.
- (2) Indirect investment in Mainland china through a subsidiary in a third place.
- (3) Others

Note 2: The recognition of investment income (loss) is based on the financial statements reviewed by CPA of the investee company.

Note 3: In accordance with the regulation of amended limitation calculation of Investment Commission in 29 August, 2008, MOEA (IDB) committed the Company were in the scope of operating headquarter; therefore there is no need to calculate the limitation.

Note 4: The upper limit on investment of Inventec Appliances Corp. is the higher of 60% of net value or 60% of consolidated net value.

Note 5: The transactions in foreign currencies were translated into New Taiwan Dollars using spot rates at the financial report date.

Note 6: The amount of foreign currencies was translated into New Taiwan Dollars at historical exchange rates.

Note 7: After the accumulated investment in Mainland China as of December 31, 2022, deducted the accumulated remittance of earnings, the investment amounts of Inventec Appliance Corp. was still under the upper limit on investment.

Note 8: The subscribed capital contribution of CNY 7,500 thousand, with the base date set on December 31, 2048, was based on the articles of association. No capital had been contributed as of December 31, 2022.

Note 9: The inter-company transactions were eliminated in the consolidated financial statements.

3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the year ended December 31, 2022, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

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(d) Information on major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Taishin International Bank Co., Ltd, entrusted with custody of Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF		207,632,000	5.78 %

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

(14) Segment Information

(a) General information

The Group's reportable segments: core department and other department. The core department manufactures computer products and intelligent device products and sells them to customers. The other department is engaged in environmental energy and emerging technology business.

The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technological and marketing strategies.

(b) Information about reportable segments and their measurement and reconciliations

	For the year ended December 31, 2022			
	Core	Others	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	\$ 540,169,510	1,581,340	-	541,750,850
Intersegment revenues	-	-	-	-
Total revenue	\$ 540,169,510	1,581,340	-	541,750,850
Interest expenses	\$ 3,030,543	5,045	-	3,035,588
Depreciation and amortization	2,864,005	37,363	-	2,901,368
Reportable segment profit (loss)	\$ 7,710,951	(533,916)	-	7,177,035
Reportable segment assets	\$ -	-	-	-

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For the years ended December 31, 2022 and 2021

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	For the year ended December 31, 2021			Total
	Core	Others	Adjustment and Elimination	
Revenue				
Revenue from external customers	\$ 519,135,682	596,366	-	519,732,048
Intersegment revenues	-	-	-	-
Total revenue	\$ 519,135,682	596,366	-	519,732,048
Interest expenses	\$ 700,321	38,116	-	738,437
Depreciation and amortization	3,115,185	147,636	-	3,262,821
Other material non-cash item				
Asset Impairment	-	550,703	-	550,703
Reportable segment profit (loss)	\$ 9,055,388	(1,356,204)	-	7,699,184
Reportable segment assets	\$ -	-	-	-

Taxation or extraordinary activity is not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is the same as the report used by the chief operating decision maker.

The operating segment's accounting policies are similar to those described in Note 2 "Significant accounting policies". Reportable segment profit or loss is measured by operating profit or loss before taxation, and is used as the base of performance evaluation.

Since the evaluated amount of the Group's assets was not provided to the chief operating decision maker, the evaluated amount of the assets which should be disclosed was 0.

(c) Product and service information

Revenue from the external customers of the Group was as follows:

Products and Services	For the years ended December 31,	
	2022	2021
Computer product	\$ 539,471,893	518,381,401
Rendering of services	731,751	775,308
Others	1,547,206	575,339
Total	\$ 541,750,850	519,732,048

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(d) Geographical information

In presenting information on the basis of geography, the revenue is based on the geographical location of customers and non-current assets are based on the geographical location of the assets.

By region	For the years ended December 31,	
	2022	2021
Revenue from external customers:		
Taiwan	\$ 47,124,054	51,514,446
USA	398,286,543	355,524,787
Japan	4,581,340	4,319,623
Hong Kong, Macao and Mainland China	60,419,517	64,395,784
Other countries	31,339,396	43,977,408
Total	\$ 541,750,850	519,732,048
	December 31,	December 31,
By region	2022	2021
Non-current assets:		
Taiwan	\$ 14,654,954	14,112,999
Mainland China	17,206,414	15,670,130
USA	3,007,052	948,632
Other countries	1,406,504	1,301,679
Total	\$ 36,274,924	32,033,440

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other assets, not including financial instruments, deferred tax assets, and pension fund assets.

(e) Major customers: Revenue

	For the years ended December 31,	
	2022	2021
A	\$ 333,740,978	337,445,382